

106TH CONGRESS
2D SESSION

H. R. 5545

To provide for reauthorization of small business loan and other programs,
and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 25, 2000

Mr. TALENT (for himself and Ms. VELAZQUEZ) introduced the following bill;
which was referred to the Committee on Small Business

A BILL

To provide for reauthorization of small business loan and
other programs, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This Act may be cited as the
5 “Small Business Reauthorization Act of 2000”.

6 (b) **TABLE OF CONTENTS.**—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS INNOVATION RESEARCH PROGRAM

Sec. 101. Short title.

Sec. 102. Findings.

Sec. 103. Extension of SBIR program.

- Sec. 104. Annual report.
- Sec. 105. Third phase assistance.
- Sec. 106. Report on programs for annual performance plan.
- Sec. 107. Output and outcome data.
- Sec. 108. National Research Council reports.
- Sec. 109. Federal agency expenditures for the SBIR program.
- Sec. 110. Policy directive modifications.
- Sec. 111. Federal and State technology partnership program.
- Sec. 112. Mentoring networks.
- Sec. 113. Simplified reporting requirements.
- Sec. 114. Rural outreach program extension.

TITLE II—BUSINESS LOAN PROGRAMS

- Sec. 201. Short title.
- Sec. 202. Levels of participation.
- Sec. 203. Loan amounts.
- Sec. 204. Interest on defaulted loans.
- Sec. 205. Prepayment of loans.
- Sec. 206. Guarantee fees.
- Sec. 207. Lease terms.
- Sec. 208. Appraisals for loans secured by real property.
- Sec. 209. Sale of guaranteed loans made for export purposes.
- Sec. 210. Microloan program.

TITLE III—CERTIFIED DEVELOPMENT COMPANY PROGRAM

- Sec. 301. Short title.
- Sec. 302. Women-owned businesses.
- Sec. 303. Maximum debenture size.
- Sec. 304. Fees.
- Sec. 305. Premier certified lenders program.
- Sec. 306. Sale of certain defaulted loans.
- Sec. 307. Loan liquidation.

TITLE IV—CORRECTIONS TO THE SMALL BUSINESS INVESTMENT ACT OF 1958

- Sec. 401. Short title.
- Sec. 402. Definitions.
- Sec. 403. Investment in small business investment companies.
- Sec. 404. Subsidy fees.
- Sec. 405. Distributions.
- Sec. 406. Conforming amendment.

TITLE V—REAUTHORIZATION OF SMALL BUSINESS PROGRAMS

- Sec. 501. Short title.
- Sec. 502. Reauthorization of small business programs.
- Sec. 503. Additional reauthorizations.
- Sec. 504. Cosponsorship.

TITLE VI—HUBZONE PROGRAM

Subtitle A—HUBZones in Native America

- Sec. 601. Short title.
- Sec. 602. HUBZone small business concern.

- Sec. 603. Qualified HUBZone small business concern.
- Sec. 604. Other definitions.

Subtitle B—Other HUBZone Provisions

- Sec. 611. Definitions.
- Sec. 612. Eligible contracts.
- Sec. 613. HUBZone redesignated areas.
- Sec. 614. Community development.
- Sec. 615. Reference corrections.

TITLE VII—NATIONAL WOMEN’S BUSINESS COUNCIL REAUTHORIZATION

- Sec. 701. Short title.
- Sec. 702. Membership of the Council.
- Sec. 703. Repeal of procurement project.
- Sec. 704. Studies and other research.
- Sec. 705. Authorization of appropriations.

TITLE VIII—MISCELLANEOUS PROVISIONS

- Sec. 801. Loan application processing.
- Sec. 802. Application of ownership requirements.
- Sec. 803. Subcontracting preference for veterans.
- Sec. 804. Small Business Development Center Program funding.
- Sec. 805. Surety bonds.
- Sec. 806. Size standards.
- Sec. 807. Native Hawaiian organizations under section 8(a).
- Sec. 808. National Veterans Business Development Corporation correction.
- Sec. 809. Private sector resources for SCORE.
- Sec. 810. Contract data collection.
- Sec. 811. Procurement program for women-owned small business concerns.

TITLE IX—COMMUNITY RENEWAL AND NEW MARKETS INITIATIVES

- Sec. 901. New markets venture capital program.
- Sec. 902. BusinessLINC grants and cooperative agreements.

1 **TITLE I—SMALL BUSINESS INNO-** 2 **VATION RESEARCH PROGRAM**

3 **SECTION 101. SHORT TITLE.**

- 4 (a) SHORT TITLE.—This title may be cited as the
- 5 “Small Business Innovation Research Program Reauthor-
- 6 ization Act of 2000”.

7 **SEC. 102. FINDINGS.**

- 8 Congress finds that—

1 (1) the small business innovation research pro-
2 gram established under the Small Business Innova-
3 tion Development Act of 1982, and reauthorized by
4 the Small Business Research and Development En-
5 hancement Act of 1992 (in this title referred to as
6 the “SBIR program”) is highly successful in involv-
7 ing small businesses in federally funded research
8 and development;

9 (2) the SBIR program made the cost-effective
10 and unique research and development capabilities
11 possessed by the small businesses of the Nation
12 available to Federal agencies and departments;

13 (3) the innovative goods and services developed
14 by small businesses that participated in the SBIR
15 program have produced innovations of critical impor-
16 tance in a wide variety of high-technology fields, in-
17 cluding biology, medicine, education, and defense;

18 (4) the SBIR program is a catalyst in the pro-
19 motion of research and development, the commer-
20 cialization of innovative technology, the development
21 of new products and services, and the continued ex-
22 cellence of this Nation’s high-technology industries;
23 and

24 (5) the continuation of the SBIR program will
25 provide expanded opportunities for one of the Na-

1 tion’s vital resources, its small businesses, will foster
2 invention, research, and technology, will create jobs,
3 and will increase this Nation’s competitiveness in
4 international markets.

5 **SEC. 103. EXTENSION OF SBIR PROGRAM.**

6 Section 9(m) of the Small Business Act (15 U.S.C.
7 638(m)) is amended to read as follows:

8 “(m) TERMINATION.—The authorization to carry out
9 the Small Business Innovation Research Program estab-
10 lished under this section shall terminate on September 30,
11 2008.”.

12 **SEC. 104. ANNUAL REPORT.**

13 Section 9(b)(7) of the Small Business Act (15 U.S.C.
14 638(b)(7)) is amended by striking “and the Committee on
15 Small Business of the House of Representatives” and in-
16 serting “, and to the Committee on Science and the Com-
17 mittee on Small Business of the House of Representa-
18 tives,”.

19 **SEC. 105. THIRD PHASE ASSISTANCE.**

20 Section 9(e)(4)(C)(i) of the Small Business Act (15
21 U.S.C. 638(e)(4)(C)(i)) is amended by striking “; and”
22 and inserting “; or”.

1 **SEC. 106. REPORT ON PROGRAMS FOR ANNUAL PERFORM-**
2 **ANCE PLAN.**

3 Section 9(g) of the Small Business Act (15 U.S.C.
4 638(g)) is amended—

5 (1) in paragraph (7), by striking “and” at the
6 end;

7 (2) in paragraph (8), by striking the period at
8 the end and inserting a semicolon; and

9 (3) by adding at the end the following:

10 “(9) include, as part of its annual performance
11 plan as required by subsections (a) and (b) of sec-
12 tion 1115 of title 31, United States Code, a section
13 on its SBIR program, and shall submit such section
14 to the Committee on Small Business of the Senate,
15 and the Committee on Science and the Committee
16 on Small Business of the House of Representatives;
17 and”.

18 **SEC. 107. OUTPUT AND OUTCOME DATA.**

19 (a) COLLECTION.—Section 9(g) of the Small Busi-
20 ness Act (15 U.S.C. 638(g)), as amended by section 106
21 of this Act, is further amended by adding at the end the
22 following:

23 “(10) collect, and maintain in a common format
24 in accordance with subsection (v), such information
25 from awardees as is necessary to assess the SBIR

1 program, including information necessary to main-
2 tain the database described in subsection (k).”.

3 (b) REPORT TO CONGRESS.—Section 9(b)(7) of the
4 Small Business Act (15 U.S.C. 638(b)(7)), as amended
5 by section 104 of this Act, is further amended by inserting
6 before the period at the end “, including the data on out-
7 put and outcomes collected pursuant to subsections
8 (g)(10) and (o)(9), and a description of the extent to
9 which Federal agencies are providing in a timely manner
10 information needed to maintain the database described in
11 subsection (k)”.

12 (c) DATABASE.—Section 9(k) of the Small Business
13 Act (15 U.S.C. 638(k)) is amended to read as follows:

14 “(k) DATABASE.—

15 “(1) PUBLIC DATABASE.—Not later than 180
16 days after the date of enactment of the Small Busi-
17 ness Innovation Research Program Reauthorization
18 Act of 2000, the Administrator shall develop, main-
19 tain, and make available to the public a searchable,
20 up-to-date, electronic database that includes—

21 “(A) the name, size, location, and an iden-
22 tifying number assigned by the Administrator,
23 of each small business concern that has received
24 a first phase or second phase SBIR award from
25 a Federal agency;

1 “(B) a description of each first phase or
2 second phase SBIR award received by that
3 small business concern, including—

4 “(i) an abstract of the project funded
5 by the award, excluding any proprietary in-
6 formation so identified by the small busi-
7 ness concern;

8 “(ii) the Federal agency making the
9 award; and

10 “(iii) the date and amount of the
11 award;

12 “(C) an identification of any business con-
13 cern or subsidiary established for the commer-
14 cial application of a product or service for
15 which an SBIR award is made; and

16 “(D) information regarding mentors and
17 Mentoring Networks, as required by section
18 35(d).

19 “(2) GOVERNMENT DATABASE.—Not later than
20 180 days after the date of enactment of the Small
21 Business Innovation Research Program Reauthoriza-
22 tion Act of 2000, the Administrator, in consultation
23 with Federal agencies required to have an SBIR
24 program pursuant to subsection (f)(1), shall develop

1 and maintain a database to be used solely for SBIR
2 program evaluation that—

3 “(A) contains for each second phase award
4 made by a Federal agency—

5 “(i) information collected in accord-
6 ance with paragraph (3) on revenue from
7 the sale of new products or services result-
8 ing from the research conducted under the
9 award;

10 “(ii) information collected in accord-
11 ance with paragraph (3) on additional in-
12 vestment from any source, other than first
13 phase or second phase SBIR or STTR
14 awards, to further the research and devel-
15 opment conducted under the award; and

16 “(iii) any other information received
17 in connection with the award that the Ad-
18 ministrator, in conjunction with the SBIR
19 program managers of Federal agencies,
20 considers relevant and appropriate;

21 “(B) includes any narrative information
22 that a small business concern receiving a second
23 phase award voluntarily submits to further de-
24 scribe the outputs and outcomes of its awards;

1 “(C) includes for each applicant for a first
2 phase or second phase award that does not re-
3 ceive such an award—

4 “(i) the name, size, and location, and
5 an identifying number assigned by the Ad-
6 ministration;

7 “(ii) an abstract of the project; and

8 “(iii) the Federal agency to which the
9 application was made;

10 “(D) includes any other data collected by
11 or available to any Federal agency that such
12 agency considers may be useful for SBIR pro-
13 gram evaluation; and

14 “(E) is available for use solely for program
15 evaluation purposes by the Federal Government
16 or, in accordance with policy directives issued
17 by the Administration, by other authorized per-
18 sons who are subject to a use and nondisclosure
19 agreement with the Federal Government cov-
20 ering the use of the database.

21 “(3) UPDATING INFORMATION FOR DATA-
22 BASE.—

23 “(A) IN GENERAL.—A small business con-
24 cern applying for a second phase award under
25 this section shall be required to update informa-

tion in the database established under this subsection for any prior second phase award received by that small business concern. In complying with this paragraph, a small business concern may apportion sales or additional investment information relating to more than one second phase award among those awards, if it notes the apportionment for each award.

“(B) ANNUAL UPDATES UPON TERMINATION.—A small business concern receiving a second phase award under this section shall—

“(i) update information in the database concerning that award at the termination of the award period; and

“(ii) be requested to voluntarily update such information annually thereafter for a period of 5 years.

“(4) PROTECTION OF INFORMATION.—Information provided under paragraph (2) shall be considered privileged and confidential and not subject to disclosure pursuant to section 552 of title 5, United States Code.

“(5) RULE OF CONSTRUCTION.—Inclusion of information in the database under this subsection shall not be considered to be publication for pur-

1 poses of subsection (a) or (b) of section 102 of title
2 35, United States Code.”.

3 **SEC. 108. NATIONAL RESEARCH COUNCIL REPORTS.**

4 (a) STUDY AND RECOMMENDATIONS.—The head of
5 each agency with a budget of more than \$50,000,000 for
6 its SBIR program for fiscal year 1999, in consultation
7 with the Small Business Administration, shall, not later
8 than 6 months after the date of enactment of this Act,
9 cooperatively enter into an agreement with the National
10 Academy of Sciences for the National Research Council
11 to—

12 (1) conduct a comprehensive study of how the
13 SBIR program has stimulated technological innova-
14 tion and used small businesses to meet Federal re-
15 search and development needs, including—

16 (A) a review of the value to the Federal re-
17 search agencies of the research projects being
18 conducted under the SBIR program, and of the
19 quality of research being conducted by small
20 businesses participating under the program, in-
21 cluding a comparison of the value of projects
22 conducted under the SBIR program to those
23 funded by other Federal research and develop-
24 ment expenditures;

1 (B) to the extent practicable, an evaluation
2 of the economic benefits achieved by the SBIR
3 program, including the economic rate of return,
4 and a comparison of the economic benefits, in-
5 cluding the economic rate of return, achieved by
6 the SBIR program with the economic benefits,
7 including the economic rate of return, of other
8 Federal research and development expenditures;

9 (C) an evaluation of the noneconomic bene-
10 fits achieved by the SBIR program over the life
11 of the program;

12 (D) a comparison of the allocation for fis-
13 cal year 2000 of Federal research and develop-
14 ment funds to small businesses with such allo-
15 cation for fiscal year 1983, and an analysis of
16 the factors that have contributed to such alloca-
17 tion; and

18 (E) an analysis of whether Federal agen-
19 cies, in fulfilling their procurement needs, are
20 making sufficient effort to use small businesses
21 that have completed a second phase award
22 under the SBIR program; and

23 (2) make recommendations with respect to—

24 (A) measures of outcomes for strategic
25 plans submitted under section 306 of title 5,

1 United States Code, and performance plans
2 submitted under section 1115 of title 31,
3 United States Code, of each Federal agency
4 participating in the SBIR program;

5 (B) whether companies who can dem-
6 onstrate project feasibility, but who have not re-
7 ceived a first phase award, should be eligible for
8 second phase awards, and the potential impact
9 of such awards on the competitive selection
10 process of the program;

11 (C) whether the Federal Government
12 should be permitted to recoup some or all of its
13 expenses if a controlling interest in a company
14 receiving an SBIR award is sold to a foreign
15 company or to a company that is not a small
16 business concern;

17 (D) how to increase the use by the Federal
18 Government in its programs and procurements
19 of technology-oriented small businesses; and

20 (E) improvements to the SBIR program, if
21 any are considered appropriate.

22 (b) PARTICIPATION BY SMALL BUSINESS.—

23 (1) IN GENERAL.—In a manner consistent with
24 law and with National Research Council study
25 guidelines and procedures, knowledgeable individuals

1 from the small business community with experience
2 in the SBIR program shall be included—

3 (A) in any panel established by the Na-
4 tional Research Council for the purpose of per-
5 forming the study conducted under this section;
6 and

7 (B) among those who are asked by the Na-
8 tional Research Council to peer review the
9 study.

10 (2) CONSULTATION.—To ensure that the con-
11 cerns of small business are appropriately considered
12 under this subsection, the National Research Council
13 shall consult with and consider the views of the Of-
14 fice of Technology and the Office of Advocacy of the
15 Small Business Administration and other interested
16 parties, including entities, organizations, and indi-
17 viduals actively engaged in enhancing or developing
18 the technological capabilities of small business con-
19 cerns.

20 (c) PROGRESS REPORTS.—The National Research
21 Council shall provide semiannual progress reports on the
22 study conducted under this section to the Committee on
23 Science and the Committee on Small Business of the
24 House of Representatives, and to the Committee on Small
25 Business of the Senate.

1 (d) REPORT.—The National Research Council shall
 2 transmit to the heads of agencies entering into an agree-
 3 ment under this section and to the Committee on Science
 4 and the Committee on Small Business of the House of
 5 Representatives, and to the Committee on Small Business
 6 of the Senate—

7 (1) not later than 3 years after the date of en-
 8 actment of this Act, a report including the results of
 9 the study conducted under subsection (a)(1) and rec-
 10 ommendations made under subsection (a)(2); and

11 (2) not later than 6 years after that date of en-
 12 actment, an update of such report.

13 **SEC. 109. FEDERAL AGENCY EXPENDITURES FOR THE SBIR**
 14 **PROGRAM.**

15 Section 9(i) of the Small Business Act (15 U.S.C.
 16 638(i)) is amended—

17 (1) by striking “(i) Each Federal” and insert-
 18 ing the following:

19 “(i) ANNUAL REPORTING.—

20 “(1) IN GENERAL.—Each Federal”; and

21 (2) by adding at the end the following:

22 “(2) CALCULATION OF EXTRAMURAL BUDG-
 23 ET.—

24 “(A) METHODOLOGY.—Not later than 4
 25 months after the date of enactment of each ap-

1 appropriations Act for a Federal agency required
 2 by this section to have an SBIR program, the
 3 Federal agency shall submit to the Adminis-
 4 trator a report, which shall include a descrip-
 5 tion of the methodology used for calculating the
 6 amount of the extramural budget of that Fed-
 7 eral agency.

8 “(B) ADMINISTRATOR’S ANALYSIS.—The
 9 Administrator shall include an analysis of the
 10 methodology received from each Federal agency
 11 referred to in subparagraph (A) in the report
 12 required by subsection (b)(7).”.

13 **SEC. 110. POLICY DIRECTIVE MODIFICATIONS.**

14 Section 9(j) of the Small Business Act (15 U.S.C.
 15 638(j)) is amended by adding at the end the following:

16 “(3) ADDITIONAL MODIFICATIONS.—Not later
 17 than 120 days after the date of enactment of the
 18 Small Business Innovation Research Program Reau-
 19 thorization Act of 2000, the Administrator shall
 20 modify the policy directives issued pursuant to this
 21 subsection—

22 “(A) to clarify that the rights provided for
 23 under paragraph (2)(A) apply to all Federal
 24 funding awards under this section, including
 25 the first phase (as described in subsection

1 (e)(4)(A)), the second phase (as described in
2 subsection (e)(4)(B)), and the third phase (as
3 described in subsection (e)(4)(C));

4 “(B) to provide for the requirement of a
5 succinct commercialization plan with each appli-
6 cation for a second phase award that is moving
7 toward commercialization;

8 “(C) to require agencies to report to the
9 Administration, not less frequently than annu-
10 ally, all instances in which an agency pursued
11 research, development, or production of a tech-
12 nology developed by a small business concern
13 using an award made under the SBIR program
14 of that agency, and determined that it was not
15 practicable to enter into a follow-on non-SBIR
16 program funding agreement with the small
17 business concern, which report shall include, at
18 a minimum—

19 “(i) the reasons why the follow-on
20 funding agreement with the small business
21 concern was not practicable;

22 “(ii) the identity of the entity with
23 which the agency contracted to perform
24 the research, development, or production;
25 and

1 “(iii) a description of the type of
2 funding agreement under which the re-
3 search, development, or production was ob-
4 tained; and

5 “(D) to implement subsection (v), includ-
6 ing establishing standardized procedures for the
7 provision of information pursuant to subsection
8 (k)(3).”.

9 **SEC. 111. FEDERAL AND STATE TECHNOLOGY PARTNER-**
10 **SHIP PROGRAM.**

11 (a) FINDINGS.—Congress finds that—

12 (1) programs to foster economic development
13 among small high-technology firms vary widely
14 among the States;

15 (2) States that do not aggressively support the
16 development of small high-technology firms, includ-
17 ing participation by small business concerns in the
18 SBIR program, are at a competitive disadvantage in
19 establishing a business climate that is conducive to
20 technology development; and

21 (3) building stronger national, State, and local
22 support for science and technology research in these
23 disadvantaged States will expand economic opportu-
24 nities in the United States, create jobs, and increase

1 the competitiveness of the United States in the
2 world market.

3 (b) FEDERAL AND STATE TECHNOLOGY PARTNER-
4 SHIP PROGRAM.—The Small Business Act (15 U.S.C. 631
5 et seq.) is amended—

6 (1) by redesignating section 34 as section 36;
7 and

8 (2) by inserting after section 33 the following:

9 **“SEC. 34. FEDERAL AND STATE TECHNOLOGY PARTNER-**
10 **SHIP PROGRAM.**

11 “(a) DEFINITIONS.—In this section and section 35,
12 the following definitions apply:

13 “(1) APPLICANT.—The term ‘applicant’ means
14 an entity, organization, or individual that submits a
15 proposal for an award or a cooperative agreement
16 under this section.

17 “(2) BUSINESS ADVICE AND COUNSELING.—
18 The term ‘business advice and counseling’ means
19 providing advice and assistance on matters described
20 in section 35(c)(2)(B) to small business concerns to
21 guide them through the SBIR and STTR program
22 process, from application to award and successful
23 completion of each phase of the program.

1 “(3) FAST PROGRAM.—The term ‘FAST pro-
2 gram’ means the Federal and State Technology
3 Partnership Program established under this section.

4 “(4) MENTOR.—The term ‘mentor’ means an
5 individual described in section 35(c)(2).

6 “(5) MENTORING NETWORK.—The term ‘Men-
7 toring Network’ means an association, organization,
8 coalition, or other entity (including an individual)
9 that meets the requirements of section 35(c).

10 “(6) RECIPIENT.—The term ‘recipient’ means a
11 person that receives an award or becomes party to
12 a cooperative agreement under this section.

13 “(7) SBIR PROGRAM.—The term ‘SBIR pro-
14 gram’ has the same meaning as in section 9(e)(4).

15 “(8) STATE.—The term ‘State’ means each of
16 the several States, the District of Columbia, the
17 Commonwealth of Puerto Rico, the Virgin Islands,
18 Guam, and American Samoa.

19 “(9) STTR PROGRAM.—The term ‘STTR pro-
20 gram’ has the same meaning as in section 9(e)(6).

21 “(b) ESTABLISHMENT OF PROGRAM.—The Adminis-
22 trator shall establish a program to be known as the Fed-
23 eral and State Technology Partnership Program, the pur-
24 pose of which shall be to strengthen the technological com-
25 petitiveness of small business concerns in the States.

1 “(c) GRANTS AND COOPERATIVE AGREEMENTS.—

2 “(1) JOINT REVIEW.—In carrying out the
3 FAST program under this section, the Adminis-
4 trator and the SBIR program managers at the Na-
5 tional Science Foundation and the Department of
6 Defense shall jointly review proposals submitted by
7 applicants and may make awards or enter into coop-
8 erative agreements under this section based on the
9 factors for consideration set forth in paragraph (2),
10 in order to enhance or develop in a State—

11 “(A) technology research and development
12 by small business concerns;

13 “(B) technology transfer from university
14 research to technology-based small business
15 concerns;

16 “(C) technology deployment and diffusion
17 benefiting small business concerns;

18 “(D) the technological capabilities of small
19 business concerns through the establishment or
20 operation of consortia comprised of entities, or-
21 ganizations, or individuals, including—

22 “(i) State and local development agen-
23 cies and entities;

24 “(ii) representatives of technology-
25 based small business concerns;

1 “(iii) industries and emerging compa-
2 nies;

3 “(iv) universities; and

4 “(v) small business development cen-
5 ters; and

6 “(E) outreach, financial support, and tech-
7 nical assistance to technology-based small busi-
8 ness concerns participating in or interested in
9 participating in an SBIR program, including
10 initiatives—

11 “(i) to make grants or loans to com-
12 panies to pay a portion or all of the cost
13 of developing SBIR proposals;

14 “(ii) to establish or operate a Men-
15 toring Network within the FAST program
16 to provide business advice and counseling
17 that will assist small business concerns
18 that have been identified by FAST pro-
19 gram participants, program managers of
20 participating SBIR agencies, the Adminis-
21 tration, or other entities that are knowl-
22 edgeable about the SBIR and STTR pro-
23 grams as good candidates for the SBIR
24 and STTR programs, and that would ben-

1 efit from mentoring, in accordance with
2 section 35;

3 “(iii) to create or participate in a
4 training program for individuals providing
5 SBIR outreach and assistance at the State
6 and local levels; and

7 “(iv) to encourage the commercializa-
8 tion of technology developed through SBIR
9 program funding.

10 “(2) SELECTION CONSIDERATIONS.—In making
11 awards or entering into cooperative agreements
12 under this section, the Administrator and the SBIR
13 program managers referred to in paragraph (1)—

14 “(A) may only consider proposals by appli-
15 cants that intend to use a portion of the Fed-
16 eral assistance provided under this section to
17 provide outreach, financial support, or technical
18 assistance to technology-based small business
19 concerns participating in or interested in par-
20 ticipating in the SBIR program; and

21 “(B) shall consider, at a minimum—

22 “(i) whether the applicant has dem-
23 onstrated that the assistance to be pro-
24 vided would address unmet needs of small
25 business concerns in the community, and

1 whether it is important to use Federal
2 funding for the proposed activities;

3 “(ii) whether the applicant has dem-
4 onstrated that a need exists to increase the
5 number or success of small high-technology
6 businesses in the State, as measured by
7 the number of first phase and second
8 phase SBIR awards that have historically
9 been received by small business concerns in
10 the State;

11 “(iii) whether the projected costs of
12 the proposed activities are reasonable;

13 “(iv) whether the proposal integrates
14 and coordinates the proposed activities
15 with other State and local programs assist-
16 ing small high-technology firms in the
17 State; and

18 “(v) the manner in which the appli-
19 cant will measure the results of the activi-
20 ties to be conducted.

21 “(3) PROPOSAL LIMIT.—Not more than 1 pro-
22 posal may be submitted for inclusion in the FAST
23 program under this section to provide services in any
24 one State in any 1 fiscal year.

1 “(4) PROCESS.—Proposals and applications for
2 assistance under this section shall be in such form
3 and subject to such procedures as the Administrator
4 shall establish.

5 “(d) COOPERATION AND COORDINATION.—In car-
6 rying out the FAST program under this section, the Ad-
7 ministrator shall cooperate and coordinate with—

8 “(1) Federal agencies required by section 9 to
9 have an SBIR program; and

10 “(2) entities, organizations, and individuals ac-
11 tively engaged in enhancing or developing the tech-
12 nological capabilities of small business concerns,
13 including—

14 “(A) State and local development agencies
15 and entities;

16 “(B) State committees established under
17 the Experimental Program to Stimulate Com-
18 petitive Research of the National Science Foun-
19 dation (as established under section 113 of the
20 National Science Foundation Authorization Act
21 of 1988 (42 U.S.C. 1862g));

22 “(C) State science and technology councils;
23 and

24 “(D) representatives of technology-based
25 small business concerns.

1 “(e) ADMINISTRATIVE REQUIREMENTS.—

2 “(1) COMPETITIVE BASIS.—Awards and cooper-
3 ative agreements under this section shall be made or
4 entered into, as applicable, on a competitive basis.

5 “(2) MATCHING REQUIREMENTS.—

6 “(A) IN GENERAL.—The non-Federal
7 share of the cost of an activity (other than a
8 planning activity) carried out using an award or
9 under a cooperative agreement under this sec-
10 tion shall be—

11 “(i) 50 cents for each Federal dollar,
12 in the case of a recipient that will serve
13 small business concerns located in one of
14 the 18 States receiving the fewest SBIR
15 first phase awards (as described in section
16 9(e)(4)(A));

17 “(ii) except as provided in subpara-
18 graph (B), 1 dollar for each Federal dollar,
19 in the case of a recipient that will serve
20 small business concerns located in one of
21 the 16 States receiving the greatest num-
22 ber of such SBIR first phase awards; and

23 “(iii) except as provided in subpara-
24 graph (B), 75 cents for each Federal dol-
25 lar, in the case of a recipient that will

1 serve small business concerns located in a
2 State that is not described in clause (i) or
3 (ii) that is receiving such SBIR first phase
4 awards.

5 “(B) LOW-INCOME AREAS.—The non-Fed-
6 eral share of the cost of the activity carried out
7 using an award or under a cooperative agree-
8 ment under this section shall be 50 cents for
9 each Federal dollar that will be directly allo-
10 cated by a recipient described in subparagraph
11 (A) to serve small business concerns located in
12 a qualified census tract, as that term is defined
13 in section 42(d)(5)(C)(ii) of the Internal Rev-
14 enue Code of 1986. Federal dollars not so allo-
15 cated by that recipient shall be subject to the
16 matching requirements of subparagraph (A).

17 “(C) TYPES OF FUNDING.—The non-Fed-
18 eral share of the cost of an activity carried out
19 by a recipient shall be comprised of not less
20 than 50 percent cash and not more than 50
21 percent of indirect costs and in-kind contribu-
22 tions, except that no such costs or contributions
23 may be derived from funds from any other Fed-
24 eral program.

1 “(D) RANKINGS.—For purposes of sub-
2 paragraph (A), the Administrator shall reevalu-
3 ate the ranking of a State once every 2 fiscal
4 years, beginning with fiscal year 2001, based on
5 the most recent statistics compiled by the Ad-
6 ministrator.

7 “(3) DURATION.—Awards may be made or co-
8 operative agreements entered into under this section
9 for multiple years, not to exceed 5 years in total.

10 “(f) REPORTS.—

11 “(1) INITIAL REPORT.—Not later than 120
12 days after the date of enactment of the Small Busi-
13 ness Innovation Research Program Reauthorization
14 Act of 2000, the Administrator shall prepare and
15 submit to the Committee on Small Business of the
16 Senate and the Committee on Science and the Com-
17 mittee on Small Business of the House of Rep-
18 resentatives a report, which shall include, with re-
19 spect to the FAST program, including Mentoring
20 Networks—

21 “(A) a description of the structure and
22 procedures of the program;

23 “(B) a management plan for the program;
24 and

1 “(C) a description of the merit-based re-
2 view process to be used in the program.

3 “(2) ANNUAL REPORTS.—The Administrator
4 shall submit an annual report to the Committee on
5 Small Business of the Senate and the Committee on
6 Science and the Committee on Small Business of the
7 House of Representatives regarding—

8 “(A) the number and amount of awards
9 provided and cooperative agreements entered
10 into under the FAST program during the pre-
11 ceding year;

12 “(B) a list of recipients under this section,
13 including their location and the activities being
14 performed with the awards made or under the
15 cooperative agreements entered into; and

16 “(C) the Mentoring Networks and the
17 mentoring database, as provided for under sec-
18 tion 35, including—

19 “(i) the status of the inclusion of
20 mentoring information in the database re-
21 quired by section 9(k); and

22 “(ii) the status of the implementation
23 and description of the usage of the Men-
24 toring Networks.

25 “(g) REVIEWS BY INSPECTOR GENERAL.—

1 “(1) IN GENERAL.—The Inspector General of
2 the Administration shall conduct a review of—

3 “(A) the extent to which recipients under
4 the FAST program are measuring the perform-
5 ance of the activities being conducted and the
6 results of such measurements; and

7 “(B) the overall management and effective-
8 ness of the FAST program.

9 “(2) REPORT.—During the first quarter of fis-
10 cal year 2004, the Inspector General of the Adminis-
11 tration shall submit a report to the Committee on
12 Small Business of the Senate and the Committee on
13 Science and the Committee on Small Business of the
14 House of Representatives on the review conducted
15 under paragraph (1).

16 “(h) PROGRAM LEVELS.—

17 “(1) IN GENERAL.—There is authorized to be
18 appropriated to carry out the FAST program, in-
19 cluding Mentoring Networks, under this section and
20 section 35, \$10,000,000 for each of fiscal years
21 2001 through 2005.

22 “(2) MENTORING DATABASE.—Of the total
23 amount made available under paragraph (1) for fis-
24 cal years 2001 through 2005, a reasonable amount,

1 not to exceed a total of \$500,000, may be used by
 2 the Administration to carry out section 35(d).

3 “(i) TERMINATION.—The authority to carry out the
 4 FAST program under this section shall terminate on Sep-
 5 tember 30, 2005.”.

6 (c) COORDINATION OF TECHNOLOGY DEVELOPMENT
 7 PROGRAMS.—Section 9 of the Small Business Act (15
 8 U.S.C. 638) is amended by adding at the end the fol-
 9 lowing:

10 “(u) COORDINATION OF TECHNOLOGY DEVELOP-
 11 MENT PROGRAMS.—

12 “(1) DEFINITION OF TECHNOLOGY DEVELOP-
 13 MENT PROGRAM.—In this subsection, the term ‘tech-
 14 nology development program’ means—

15 “(A) the Experimental Program to Stimu-
 16 late Competitive Research of the National
 17 Science Foundation, as established under sec-
 18 tion 113 of the National Science Foundation
 19 Authorization Act of 1988 (42 U.S.C. 1862g);

20 “(B) the Defense Experimental Program
 21 to Stimulate Competitive Research of the De-
 22 partment of Defense;

23 “(C) the Experimental Program to Stimu-
 24 late Competitive Research of the Department of
 25 Energy;

1 “(D) the Experimental Program to Stimu-
2 late Competitive Research of the Environmental
3 Protection Agency;

4 “(E) the Experimental Program to Stimu-
5 late Competitive Research of the National Aero-
6 nautics and Space Administration;

7 “(F) the Institutional Development Award
8 Program of the National Institutes of Health;
9 and

10 “(G) the National Research Initiative
11 Competitive Grants Program of the Department
12 of Agriculture.

13 “(2) COORDINATION REQUIREMENTS.—Each
14 Federal agency that is subject to subsection (f) and
15 that has established a technology development pro-
16 gram may, in each fiscal year, review for funding
17 under that technology development program—

18 “(A) any proposal to provide outreach and
19 assistance to 1 or more small business concerns
20 interested in participating in the SBIR pro-
21 gram, including any proposal to make a grant
22 or loan to a company to pay a portion or all of
23 the cost of developing an SBIR proposal, from
24 an entity, organization, or individual located
25 in—

1 “(i) a State that is eligible to partici-
2 pate in that program; or

3 “(ii) a State described in paragraph
4 (3); or

5 “(B) any proposal for the first phase of
6 the SBIR program, if the proposal, though mer-
7 itorious, is not funded through the SBIR pro-
8 gram for that fiscal year due to funding re-
9 straints, from a small business concern located
10 in—

11 “(i) a State that is eligible to partici-
12 pate in a technology development program;
13 or

14 “(ii) a State described in paragraph
15 (3).

16 “(3) ADDITIONALLY ELIGIBLE STATE.—A State
17 referred to in subparagraph (A)(ii) or (B)(ii) of
18 paragraph (2) is a State in which the total value of
19 contracts awarded to small business concerns under
20 all SBIR programs is less than the total value of
21 contracts awarded to small business concerns in a
22 majority of other States, as determined by the Ad-
23 ministrator in biennial fiscal years, beginning with
24 fiscal year 2000, based on the most recent statistics
25 compiled by the Administrator.”.

1 **SEC. 112. MENTORING NETWORKS.**

2 The Small Business Act (15 U.S.C. 631 et seq.) is
3 amended by inserting after section 34, as added by section
4 111(b)(2) of this Act, the following:

5 **“SEC. 35. MENTORING NETWORKS.**

6 “(a) FINDINGS.—Congress finds that—

7 “(1) the SBIR and STTR programs create
8 jobs, increase capacity for technological innovation,
9 and boost international competitiveness;

10 “(2) increasing the quantity of applications
11 from all States to the SBIR and STTR programs
12 would enhance competition for such awards and the
13 quality of the completed projects; and

14 “(3) mentoring is a natural complement to the
15 FAST program of reaching out to new companies
16 regarding the SBIR and STTR programs as an ef-
17 fective and low-cost way to improve the likelihood
18 that such companies will succeed in such programs
19 in developing and commercializing their research.

20 “(b) AUTHORIZATION FOR MENTORING NET-
21 WORKS.—The recipient of an award or participant in a
22 cooperative agreement under section 34 may use a reason-
23 able amount of such assistance for the establishment of
24 a Mentoring Network under this section.

1 “(c) CRITERIA FOR MENTORING NETWORKS.—A
2 Mentoring Network established using assistance under
3 section 34 shall—

4 “(1) provide business advice and counseling to
5 high technology small business concerns located in
6 the State or region served by the Mentoring Net-
7 work and identified under section 34(c)(1)(E)(ii) as
8 potential candidates for the SBIR or STTR pro-
9 grams;

10 “(2) identify volunteer mentors who—

11 “(A) are persons associated with a small
12 business concern that has successfully com-
13 pleted one or more SBIR or STTR funding
14 agreements; and

15 “(B) have agreed to guide small business
16 concerns through all stages of the SBIR or
17 STTR program process, including providing as-
18 sistance relating to—

19 “(i) proposal writing;

20 “(ii) marketing;

21 “(iii) Government accounting;

22 “(iv) Government audits;

23 “(v) project facilities and equipment;

24 “(vi) human resources;

25 “(vii) third phase partners;

1 “(viii) commercialization;
2 “(ix) venture capital networking; and
3 “(x) other matters relevant to the
4 SBIR and STTR programs;
5 “(3) have experience working with small busi-
6 ness concerns participating in the SBIR and STTR
7 programs;
8 “(4) contribute information to the national
9 database referred to in subsection (d); and
10 “(5) agree to reimburse volunteer mentors for
11 out-of-pocket expenses related to service as a mentor
12 under this section.
13 “(d) MENTORING DATABASE.—The Administrator
14 shall—
15 “(1) include in the database required by section
16 9(k)(1), in cooperation with the SBIR, STTR, and
17 FAST programs, information on Mentoring Net-
18 works and mentors participating under this section,
19 including a description of their areas of expertise;
20 “(2) work cooperatively with Mentoring Net-
21 works to maintain and update the database;
22 “(3) take such action as may be necessary to
23 aggressively promote Mentoring Networks under this
24 section; and

1 “(4) fulfill the requirements of this subsection
2 either directly or by contract.”.

3 **SEC. 113. SIMPLIFIED REPORTING REQUIREMENTS.**

4 Section 9 of the Small Business Act (15 U.S.C. 638),
5 as amended by this Act, is further amended by adding
6 at the end the following:

7 “(v) SIMPLIFIED REPORTING REQUIREMENTS.—The
8 Administrator shall work with the Federal agencies re-
9 quired by this section to have an SBIR program to stand-
10 ardize reporting requirements for the collection of data
11 from SBIR applicants and awardees, including data for
12 inclusion in the database under subsection (k), taking into
13 consideration the unique needs of each agency, and to the
14 extent possible, permitting the updating of previously re-
15 ported information by electronic means. Such require-
16 ments shall be designed to minimize the burden on small
17 businesses.”.

18 **SEC. 114. RURAL OUTREACH PROGRAM EXTENSION.**

19 (a) EXTENSION OF TERMINATION DATE.—Section
20 501(b)(2) of the Small Business Reauthorization Act of
21 1997 (15 U.S.C. 638 note; 111 Stat. 2622) is amended
22 by striking “2001” and inserting “2005”.

23 (b) EXTENSION OF AUTHORIZATION OF APPROPRIA-
24 TIONS.—Section 9(s)(2) of the Small Business Act (15
25 U.S.C. 638(s)(2)) is amended by striking “for fiscal year

1 1998, 1999, 2000, or 2001” and inserting “for each of
2 the fiscal years 2000 through 2005,”.

3 **TITLE II—BUSINESS LOAN** 4 **PROGRAMS**

5 **SEC. 201. SHORT TITLE.**

6 This title may be cited as the “Small Business Loan
7 Improvement Act of 2000”.

8 **SEC. 202. LEVELS OF PARTICIPATION.**

9 Section 7(a)(2)(A) of the Small Business Act (15
10 U.S.C. 636(a)(2)(A)) is amended—

11 (1) in paragraph (i) by striking “\$100,000”
12 and inserting “\$150,000”; and

13 (2) in paragraph (ii)—

14 (A) by striking “80 percent” and inserting
15 “85 percent”; and

16 (B) by striking “\$100,000” and inserting
17 “\$150,000”.

18 **SEC. 203. LOAN AMOUNTS.**

19 Section 7(a)(3)(A) of the Small Business Act (15
20 U.S.C. 636(a)(3)(A)) is amended by striking “\$750,000,”

21 and inserting, “\$1,000,000 (or if the gross loan amount
22 would exceed \$2,000,000),”.

1 **SEC. 204. INTEREST ON DEFAULTED LOANS.**

2 Section 7(a)(4)(B) of the Small Business Act (15
3 U.S.C. 636(a)(4)(B)) is amended by adding at the end
4 the following:

5 “(iii) APPLICABILITY.—Clauses (i)
6 and (ii) shall not apply to loans made on
7 or after October 1, 2000.”.

8 **SEC. 205. PREPAYMENT OF LOANS.**

9 Section 7(a)(4) of the Small Business Act (15 U.S.C.
10 636(a)(4)) is further amended—

11 (1) by striking “(4) INTEREST RATES AND
12 FEES.—” and inserting “(4) INTEREST RATES AND
13 PREPAYMENT CHARGES.—”; and

14 (2) by adding at the end the following:

15 “(C) PREPAYMENT CHARGES.—

16 “(i) IN GENERAL.—A borrower who
17 prepays any loan guaranteed under this
18 subsection shall remit to the Administra-
19 tion a subsidy recoupment fee calculated in
20 accordance with clause (ii) if—

21 “(I) the loan is for a term of not
22 less than 15 years;

23 “(II) the prepayment is vol-
24 untary;

25 “(III) the amount of prepayment
26 in any calendar year is more than 25

1 percent of the outstanding balance of
2 the loan; and

3 “(IV) the prepayment is made
4 within the first 3 years after disburse-
5 ment of the loan proceeds.

6 “(ii) SUBSIDY RECOUPMENT FEE.—
7 The subsidy recoupment fee charged under
8 clause (i) shall be—

9 “(I) 5 percent of the amount of
10 prepayment, if the borrower prepays
11 during the first year after disburse-
12 ment;

13 “(II) 3 percent of the amount of
14 prepayment, if the borrower prepays
15 during the second year after disburse-
16 ment; and

17 “(III) 1 percent of the amount of
18 prepayment, if the borrower prepays
19 during the third year after disburse-
20 ment.”.

21 **SEC. 206. GUARANTEE FEES.**

22 Section 7(a)(18) of the Small Business Act (15
23 U.S.C. 636(a)(18)) is amended to read as follows:

24 “(18) GUARANTEE FEES.—

1 “(A) IN GENERAL.—With respect to each
2 loan guaranteed under this subsection (other
3 than a loan that is repayable in 1 year or less),
4 the Administration shall collect a guarantee fee,
5 which shall be payable by the participating
6 lender, and may be charged to the borrower, as
7 follows:

8 “(i) A guarantee fee equal to 2 per-
9 cent of the deferred participation share of
10 a total loan amount that is not more than
11 \$150,000.

12 “(ii) A guarantee fee equal to 3 per-
13 cent of the deferred participation share of
14 a total loan amount that is more than
15 \$150,000, but not more than \$700,000.

16 “(iii) A guarantee fee equal to 3.5
17 percent of the deferred participation share
18 of a total loan amount that is more than
19 \$700,000.

20 “(B) RETENTION OF CERTAIN FEES.—
21 Lenders participating in the programs estab-
22 lished under this subsection may retain not
23 more than 25 percent of a fee collected under
24 subparagraph (A)(i).”.

1 **SEC. 207. LEASE TERMS.**

2 Section 7(a) of the Small Business Act (15 U.S.C.
3 636(a)) is further amended by adding at the end the fol-
4 lowing:

5 “(28) LEASING.—In addition to such other
6 lease arrangements as may be authorized by the Ad-
7 ministration, a borrower may permanently lease to
8 one or more tenants not more than 20 percent of
9 any property constructed with the proceeds of a loan
10 guaranteed under this subsection, if the borrower
11 permanently occupies and uses not less than 60 per-
12 cent of the total business space in the property.”.

13 **SEC. 208. APPRAISALS FOR LOANS SECURED BY REAL**
14 **PROPERTY.**

15 (a) SMALL BUSINESS ACT.—Section 7(a) of the
16 Small Business Act (15 U.S.C. 636(a)) is amended by
17 adding at the end the following:

18 “(29) REAL ESTATE APPRAISALS.—With re-
19 spect to a loan under this subsection that is secured
20 by commercial real property, an appraisal of such
21 property by a State licensed or certified appraiser—

22 “(A) shall be required by the Administra-
23 tion in connection with any such loan for more
24 than \$250,000; or

25 “(B) may be required by the Administra-
26 tion or the lender in connection with any such

1 loan for \$250,000 or less, if such appraisal is
2 necessary for appropriate evaluation of credit-
3 worthiness.”.

4 (b) SMALL BUSINESS INVESTMENT ACT OF 1958.—
5 Section 502(3)(E) of the Small Business Investment Act
6 of 1958 (15 U.S.C. 696(3)(E)) is amended—

7 (1) by striking “The collateral” and inserting
8 the following:

9 “(i) IN GENERAL.—The collateral”;
10 and

11 (2) by adding at the end the following:

12 “(ii) APPRAISALS.—With respect to
13 commercial real property provided by the
14 small business concern as collateral, an ap-
15 praisal of the property by a State licensed
16 or certified appraiser—

17 “(I) shall be required by the Ad-
18 ministration before disbursement of
19 the loan if the estimated value of that
20 property is more than \$250,000; or

21 “(II) may be required by the Ad-
22 ministration or the lender before dis-
23 bursement of the loan if the estimated
24 value of that property is \$250,000 or
25 less, and such appraisal is necessary

1 for appropriate evaluation of credit-
2 worthiness.”.

3 **SEC. 209. SALE OF GUARANTEED LOANS MADE FOR EX-**
4 **PORT PURPOSES.**

5 Section 5(f)(1)(C) of the Small Business Act (15
6 U.S.C. 634(f)(1)(C)) is amended to read as follows:

7 “(C) each loan, except each loan made under
8 section 7(a)(14), shall have been fully disbursed to
9 the borrower prior to any sale.”.

10 **SEC. 210. MICROLOAN PROGRAM.**

11 (a) IN GENERAL.—Section 7(m) of the Small Busi-
12 ness Act (15 U.S.C. 636(m)) is amended—

13 (1) in paragraphs (1)(B)(iii) and (3)(E), by
14 striking “\$25,000” each place it appears and insert-
15 ing “\$35,000”;

16 (2) in paragraphs (1)(A)(iii)(I), (3)(A)(ii), and
17 (4)(C)(i)(II), by striking “\$7,500” each place it ap-
18 pears and inserting “\$10,000”;

19 (3) in paragraph (3)(E), by striking “\$15,000”
20 and inserting “\$20,000”;

21 (4) in paragraph (5)(A)—

22 (A) by striking “25 grants” and inserting
23 “55 grants”; and

24 (B) by striking “\$125,000” and inserting
25 “\$200,000”;

1 (5) in paragraph (6)(B), by striking “\$10,000”
 2 and inserting “\$15,000”; and

3 (6) in paragraph (7), by striking subparagraph
 4 (A) and inserting the following:

5 “(A) NUMBER OF PARTICIPANTS.—Under
 6 the program authorized by this subsection, the
 7 Administration may fund, on a competitive
 8 basis, not more than 300 intermediaries.”.

9 (b) CONFORMING AMENDMENTS.—Section
 10 7(m)(11)(B) of the Small Business Act (15 U.S.C.
 11 636(m)(11)(B)) is amended by striking “\$25,000” and in-
 12 serting “\$35,000”.

13 **TITLE III—CERTIFIED DEVELOP-** 14 **MENT COMPANY PROGRAM**

15 **SEC. 301. SHORT TITLE.**

16 This title may be cited as the “Certified Development
 17 Company Program Improvements Act of 2000”.

18 **SEC. 302. WOMEN-OWNED BUSINESSES.**

19 Section 501(d)(3)(C) of the Small Business Invest-
 20 ment Act of 1958 (15 U.S.C. 695(d)(3)(C)) is amended
 21 by inserting before the comma “or women-owned business
 22 development”.

23 **SEC. 303. MAXIMUM DEBENTURE SIZE.**

24 Section 502(2) of the Small Business Investment Act
 25 of 1958 (15 U.S.C. 696(2)) is amended to read as follows:

1 “(2) Loans made by the Administration under
 2 this section shall be limited to \$1,000,000 for each
 3 such identifiable small business concern, except
 4 loans meeting the criteria specified in section
 5 501(d)(3), which shall be limited to \$1,300,000 for
 6 each such identifiable small business concern.”.

7 **SEC. 304. FEES.**

8 Section 503(f) of the Small Business Investment Act
 9 of 1958 (15 U.S.C. 697(f)) is amended to read as follows:

10 “(f) EFFECTIVE DATE.—The fees authorized by sub-
 11 sections (b) and (d) shall apply to financings approved by
 12 the Administration on or after October 1, 1996, but shall
 13 not apply to financings approved by the Administration
 14 on or after October 1, 2003.”.

15 **SEC. 305. PREMIER CERTIFIED LENDERS PROGRAM.**

16 Section 217(b) of the Small Business Administration
 17 Reauthorization and Amendments Act of 1994 (Public
 18 Law 103–403, 15 U.S.C. 697 note) (relating to section
 19 508 of the Small Business Investment Act of 1958) is re-
 20 pealed.

21 **SEC. 306. SALE OF CERTAIN DEFAULTED LOANS.**

22 Section 508 of the Small Business Investment Act
 23 of 1958 (15 U.S.C. 697e) is amended—

24 (1) in subsection (a), by striking “On a pilot
 25 program basis, the” and inserting “The”;

1 (2) by redesignating subsections (d) through (i)
2 as subsections (e) through (j), respectively;

3 (3) in subsection (f) (as redesignated by para-
4 graph (2)), by striking “subsection (f)” and insert-
5 ing “subsection (g)”;

6 (4) in subsection (h) (as redesignated by para-
7 graph (2)), by striking “subsection (f)” and insert-
8 ing “subsection (g)”;

9 (5) by inserting after subsection (c) the fol-
10 lowing:

11 “(d) SALE OF CERTAIN DEFAULTED LOANS.—

12 “(1) NOTICE.—If, upon default in repayment,
13 the Administration acquires a loan guaranteed under
14 this section and identifies such loan for inclusion in
15 a bulk asset sale of defaulted or repurchased loans
16 or other financings, it shall give prior notice thereof
17 to any certified development company which has a
18 contingent liability under this section. The notice
19 shall be given to the company as soon as possible
20 after the financing is identified, but not less than 90
21 days before the date the Administration first makes
22 any records on such financing available for examina-
23 tion by prospective purchasers prior to its offering in
24 a package of loans for bulk sale.

1 “(2) LIMITATIONS.—The Administration shall
2 not offer any loan described in paragraph (1) as
3 part of a bulk sale unless it—

4 “(A) provides prospective purchasers with
5 the opportunity to examine the Administration’s
6 records with respect to such loan; and

7 “(B) provides the notice required by para-
8 graph (1).”.

9 **SEC. 307. LOAN LIQUIDATION.**

10 (a) LIQUIDATION AND FORECLOSURE.—Title V of
11 the Small Business Investment Act of 1958 (15 U.S.C.
12 695 et seq.) is amended by adding at the end the fol-
13 lowing:

14 **“SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.**

15 “(a) DELEGATION OF AUTHORITY.—In accordance
16 with this section, the Administration shall delegate to any
17 qualified State or local development company (as defined
18 in section 503(e)) that meets the eligibility requirements
19 of subsection (b)(1) the authority to foreclose and liq-
20 uidate, or to otherwise treat in accordance with this sec-
21 tion, defaulted loans in its portfolio that are funded with
22 the proceeds of debentures guaranteed by the Administra-
23 tion under section 503.

24 “(b) ELIGIBILITY FOR DELEGATION.—

1 “(1) REQUIREMENTS.—A qualified State or
2 local development company shall be eligible for a del-
3 egation of authority under subsection (a) if—

4 “(A) the company—

5 “(i) has participated in the loan liq-
6 uidation pilot program established by the
7 Small Business Programs Improvement
8 Act of 1996 (15 U.S.C. 695 note), as in
9 effect on the day before promulgation of
10 final regulations by the Administration im-
11 plementing this section;

12 “(ii) is participating in the Premier
13 Certified Lenders Program under section
14 508; or

15 “(iii) during the 3 fiscal years imme-
16 diately prior to seeking such a delegation,
17 has made an average of not less than 10
18 loans per year that are funded with the
19 proceeds of debentures guaranteed under
20 section 503; and

21 “(B) the company—

22 “(i) has one or more employees—

23 “(I) with not less than 2 years of
24 substantive, decision-making experi-
25 ence in administering the liquidation

1 and workout of problem loans secured
2 in a manner substantially similar to
3 loans funded with the proceeds of de-
4 bentures guaranteed under section
5 503; and

6 “(II) who have completed a train-
7 ing program on loan liquidation devel-
8 oped by the Administration in con-
9 junction with qualified State and local
10 development companies that meet the
11 requirements of this paragraph; or

12 “(ii) submits to the Administration
13 documentation demonstrating that the
14 company has contracted with a qualified
15 third-party to perform any liquidation ac-
16 tivities and secures the approval of the
17 contract by the Administration with re-
18 spect to the qualifications of the contractor
19 and the terms and conditions of liquidation
20 activities.

21 “(2) CONFIRMATION.—On request the Adminis-
22 tration shall examine the qualifications of any com-
23 pany described in subsection (a) to determine if such
24 company is eligible for the delegation of authority
25 under this section. If the Administration determines

1 that a company is not eligible, the Administration
2 shall provide the company with the reasons for such
3 ineligibility.

4 “(c) SCOPE OF DELEGATED AUTHORITY.—

5 “(1) IN GENERAL.—Each qualified State or
6 local development company to which the Administra-
7 tion delegates authority under section (a) may with
8 respect to any loan described in subsection (a)—

9 “(A) perform all liquidation and fore-
10 closure functions, including the purchase in ac-
11 cordance with this subsection of any other in-
12 debtedness secured by the property securing the
13 loan, in a reasonable and sound manner accord-
14 ing to commercially accepted practices, pursu-
15 ant to a liquidation plan approved in advance
16 by the Administration under paragraph (2)(A);

17 “(B) litigate any matter relating to the
18 performance of the functions described in sub-
19 paragraph (A), except that the Administration
20 may—

21 “(i) defend or bring any claim if—

22 “(I) the outcome of the litigation
23 may adversely affect the Administra-
24 tion’s management of the loan pro-

1 gram established under section 502;
2 or

3 “(II) the Administration is enti-
4 tled to legal remedies not available to
5 a qualified State or local development
6 company and such remedies will ben-
7 efit either the Administration or the
8 qualified State or local development
9 company; or

10 “(ii) oversee the conduct of any such
11 litigation; and

12 “(C) take other appropriate actions to
13 mitigate loan losses in lieu of total liquidation
14 or foreclosures, including the restructuring of a
15 loan in accordance with prudent loan servicing
16 practices and pursuant to a workout plan ap-
17 proved in advance by the Administration under
18 paragraph (2)(C).

19 “(2) ADMINISTRATION APPROVAL.—

20 “(A) LIQUIDATION PLAN.—

21 “(i) IN GENERAL.—Before carrying
22 out functions described in paragraph
23 (1)(A), a qualified State or local develop-
24 ment company shall submit to the Admin-
25 istration a proposed liquidation plan.

1 “(ii) ADMINISTRATION ACTION ON
2 PLAN.—

3 “(I) TIMING.—Not later than 15
4 business days after a liquidation plan
5 is received by the Administration
6 under clause (i), the Administration
7 shall approve or reject the plan.

8 “(II) NOTICE OF NO DECISION.—

9 With respect to any plan that cannot
10 be approved or denied within the 15-
11 day period required by subclause (I),
12 the Administration shall within such
13 period provide in accordance with sub-
14 paragraph (E) notice to the company
15 that submitted the plan.

16 “(iii) ROUTINE ACTIONS.—In carrying
17 out functions described in paragraph
18 (1)(A), a qualified State or local develop-
19 ment company may undertake routine ac-
20 tions not addressed in a liquidation plan
21 without obtaining additional approval from
22 the Administration.

23 “(B) PURCHASE OF INDEBTEDNESS.—

24 “(i) IN GENERAL.—In carrying out
25 functions described in paragraph (1)(A), a

1 qualified State or local development com-
2 pany shall submit to the Administration a
3 request for written approval before com-
4 mitting the Administration to the purchase
5 of any other indebtedness secured by the
6 property securing a defaulted loan.

7 “(ii) ADMINISTRATION ACTION ON RE-
8 QUEST.—

9 “(I) TIMING.—Not later than 15
10 business days after receiving a request
11 under clause (i), the Administration
12 shall approve or deny the request.

13 “(II) NOTICE OF NO DECISION.—

14 With respect to any request that can-
15 not be approved or denied within the
16 15-day period required by subclause
17 (I), the Administration shall within
18 such period provide in accordance
19 with subparagraph (E) notice to the
20 company that submitted the request.

21 “(C) WORKOUT PLAN.—

22 “(i) IN GENERAL.—In carrying out
23 functions described in paragraph (1)(C), a
24 qualified State or local development com-

pany shall submit to the Administration a proposed workout plan.

“(ii) ADMINISTRATION ACTION ON PLAN.—

“(I) TIMING.—Not later than 15 business days after a workout plan is received by the Administration under clause (i), the Administration shall approve or reject the plan.

“(II) NOTICE OF NO DECISION.—

With respect to any workout plan that cannot be approved or denied within the 15-day period required by subclause (I), the Administration shall within such period provide in accordance with subparagraph (E) notice to the company that submitted the plan.

“(D) COMPROMISE OF INDEBTEDNESS.—

In carrying out functions described in paragraph (1)(A), a qualified State or local development company may—

“(i) consider an offer made by an obligor to compromise the debt for less than the full amount owing; and

1 “(ii) pursuant to such an offer, re-
2 lease any obligor or other party contin-
3 gently liable, if the company secures the
4 written approval of the Administration.

5 “(E) CONTENTS OF NOTICE OF NO DECISION.—Any notice provided by the Administra-
6 tion under subparagraph (A)(ii)(II), (B)(ii)(II),
7 or (C)(ii)(II)—

9 “(i) shall be in writing;

10 “(ii) shall state the specific reason for
11 the Administration’s inability to act on a
12 plan or request;

13 “(iii) shall include an estimate of the
14 additional time required by the Adminis-
15 tration to act on the plan or request; and

16 “(iv) if the Administration cannot act
17 because insufficient information or docu-
18 mentation was provided by the company
19 submitting the plan or request, shall speci-
20 fy the nature of such additional informa-
21 tion or documentation.

22 “(3) CONFLICT OF INTEREST.—In carrying out
23 functions described in paragraph (1), a qualified
24 State or local development company shall take no ac-
25 tion that would result in an actual or apparent con-

1 flict of interest between the company (or any em-
2 ployee of the company) and any third party lender,
3 associate of a third party lender, or any other person
4 participating in a liquidation, foreclosure, or loss
5 mitigation action.

6 “(d) SUSPENSION OR REVOCATION OF AUTHOR-
7 ITY.—The Administration may revoke or suspend a dele-
8 gation of authority under this section to any qualified
9 State or local development company, if the Administration
10 determines that the company—

11 “(1) does not meet the requirements of sub-
12 section (b)(1);

13 “(2) has violated any applicable rule or regula-
14 tion of the Administration or any other applicable
15 law; or

16 “(3) fails to comply with any reporting require-
17 ment that may be established by the Administration
18 relating to carrying out of functions described in
19 paragraph (1).

20 “(e) REPORT.—

21 “(1) IN GENERAL.—Based on information pro-
22 vided by qualified State and local development com-
23 panies and the Administration, the Administration
24 shall annually submit to the Committees on Small
25 Business of the House of Representatives and of the

1 Senate a report on the results of delegation of au-
2 thority under this section.

3 “(2) CONTENTS.—Each report submitted under
4 paragraph (1) shall include the following informa-
5 tion:

6 “(A) With respect to each loan foreclosed
7 or liquidated by a qualified State or local devel-
8 opment company under this section, or for
9 which losses were otherwise mitigated by the
10 company pursuant to a workout plan under this
11 section—

12 “(i) the total cost of the project fi-
13 nanced with the loan;

14 “(ii) the total original dollar amount
15 guaranteed by the Administration;

16 “(iii) the total dollar amount of the
17 loan at the time of liquidation, foreclosure,
18 or mitigation of loss;

19 “(iv) the total dollar losses resulting
20 from the liquidation, foreclosure, or mitiga-
21 tion of loss; and

22 “(v) the total recoveries resulting
23 from the liquidation, foreclosure, or mitiga-
24 tion of loss, both as a percentage of the

1 amount guaranteed and the total cost of
2 the project financed.

3 “(B) With respect to each qualified State
4 or local development company to which author-
5 ity is delegated under this section, the totals of
6 each of the amounts described in clauses (i)
7 through (v) of subparagraph (A).

8 “(C) With respect to all loans subject to
9 foreclosure, liquidation, or mitigation under this
10 section, the totals of each of the amounts de-
11 scribed in clauses (i) through (v) of subpara-
12 graph (A).

13 “(D) A comparison between—

14 “(i) the information provided under
15 subparagraph (C) with respect to the 12-
16 month period preceding the date on which
17 the report is submitted; and

18 “(ii) the same information with re-
19 spect to loans foreclosed and liquidated, or
20 otherwise treated, by the Administration
21 during the same period.

22 “(E) The number of times that the Admin-
23 istration has failed to approve or reject a liq-
24 uidation plan in accordance with subparagraph
25 (A)(i), a workout plan in accordance with sub-

1 paragraph (C)(i), or to approve or deny a re-
 2 quest for purchase of indebtedness under sub-
 3 paragraph (B)(i), including specific information
 4 regarding the reasons for the Administration's
 5 failure and any delays that resulted.”.

6 (b) REGULATIONS.—

7 (1) IN GENERAL.—Not later than 150 days
 8 after the date of enactment of this Act, the Adminis-
 9 trator shall issue such regulations as may be nec-
 10 essary to carry out section 510 of the Small Busi-
 11 ness Investment Act of 1958, as added by subsection
 12 (a) of this section.

13 (2) TERMINATION OF PILOT PROGRAM.—Begin-
 14 ning on the date on which final regulations are
 15 issued under paragraph (1), section 204 of the
 16 Small Business Programs Improvement Act of 1996
 17 (15 U.S.C. 695 note) shall cease to have effect.

18 **TITLE IV—CORRECTIONS TO** 19 **THE SMALL BUSINESS IN-** 20 **VESTMENT ACT OF 1958**

21 **SEC. 401. SHORT TITLE.**

22 This title may be cited as the “Small Business Invest-
 23 ment Corrections Act of 2000”.

1 **SEC. 402. DEFINITIONS.**

2 (a) SMALL BUSINESS CONCERN.—Section
 3 103(5)(A)(i) of the Small Business Investment Act of
 4 1958 (15 U.S.C. 662(5)(A)(i)) is amended by inserting
 5 before the semicolon at the end the following: “regardless
 6 of the allocation of control during the investment period
 7 under any investment agreement between the business
 8 concern and the entity making the investment”.

9 (b) LONG TERM.—Section 103 of the Small Business
 10 Investment Act of 1958 (15 U.S.C. 662) is amended—

11 (1) in paragraph (15), by striking “and” at the
 12 end;

13 (2) in paragraph (16), by striking the period at
 14 the end and inserting “; and”; and

15 (3) by adding at the end the following:

16 “(17) the term ‘long term’, when used in con-
 17 nection with equity capital or loan funds invested in
 18 any small business concern or smaller enterprise,
 19 means any period of time not less than 1 year.”.

20 **SEC. 403. INVESTMENT IN SMALL BUSINESS INVESTMENT**
 21 **COMPANIES.**

22 Section 302(b) of the Small Business Investment Act
 23 of 1958 (15 U.S.C. 682(b)) is amended—

24 (1) by striking “(b) Notwithstanding” and in-
 25 serting the following:

26 “(b) FINANCIAL INSTITUTION INVESTMENTS.—

1 “(1) CERTAIN BANKS.—Notwithstanding”; and
2 (2) by adding at the end the following:

3 “(2) CERTAIN SAVINGS ASSOCIATIONS.—Not-
4 withstanding any other provision of law, any Federal
5 savings association may invest in any 1 or more
6 small business investment companies, or in any enti-
7 ty established to invest solely in small business in-
8 vestment companies, except that in no event may the
9 total amount of such investments by any such Fed-
10 eral savings association exceed 5 percent of the cap-
11 ital and surplus of the Federal savings association.”.

12 **SEC. 404. SUBSIDY FEES.**

13 (a) DEBENTURES.—Section 303(b) of the Small
14 Business Investment Act of 1958 (15 U.S.C. 683(b)) is
15 amended by striking “plus an additional charge of 1 per-
16 cent per annum which shall be paid to and retained by
17 the Administration” and inserting “plus, for debentures
18 obligated after September 30, 2000, an additional charge,
19 in an amount established annually by the Administration,
20 of not more than 1 percent per year as necessary to reduce
21 to zero the cost (as defined in section 502 of the Federal
22 Credit Reform Act of 1990 (2 U.S.C. 661a)) to the Ad-
23 ministration of purchasing and guaranteeing debentures
24 under this Act, which shall be paid to and retained by
25 the Administration”.

1 (b) PARTICIPATING SECURITIES.—Section 303(g)(2)
 2 of the Small Business Investment Act of 1958 (15 U.S.C.
 3 683(g)(2)) is amended by striking “plus an additional
 4 charge of 1 percent per annum which shall be paid to and
 5 retained by the Administration” and inserting “plus, for
 6 participating securities obligated after September 30,
 7 2000, an additional charge, in an amount established an-
 8 nually by the Administration, of not more than 1 percent
 9 per year as necessary to reduce to zero the cost (as defined
 10 in section 502 of the Federal Credit Reform Act of 1990
 11 (2 U.S.C. 661a)) to the Administration of purchasing and
 12 guaranteeing participating securities under this Act, which
 13 shall be paid to and retained by the Administration”.

14 **SEC. 405. DISTRIBUTIONS.**

15 Section 303(g)(8) of the Small Business Investment
 16 Act of 1958 (15 U.S.C. 683(g)(8)) is amended—

17 (1) by striking “subchapter s corporation” and
 18 inserting “subchapter S corporation”;

19 (2) by striking “the end of any calendar quarter
 20 based on a quarterly” and inserting “any time dur-
 21 ing any calendar quarter based on an”; and

22 (3) by striking “quarterly distributions for a
 23 calendar year,” and inserting “interim distributions
 24 for a calendar year,”.

1 **SEC. 406. CONFORMING AMENDMENT.**

2 Section 310(c)(4) of the Small Business Investment
3 Act of 1958 (15 U.S.C. 687b(c)(4)) is amended by strik-
4 ing “five years” and inserting “1 year”.

5 **TITLE V—REAUTHORIZATION OF**
6 **SMALL BUSINESS PROGRAMS**

7 **SEC. 501. SHORT TITLE.**

8 This title may be cited as the “Small Business Pro-
9 grams Reauthorization Act of 2000”.

10 **SEC. 502. REAUTHORIZATION OF SMALL BUSINESS PRO-**
11 **GRAMS.**

12 Section 20 of the Small Business Act (15 U.S.C. 631
13 note) is amended by adding at the end the following:

14 “(g) FISCAL YEAR 2001.—

15 “(1) PROGRAM LEVELS.—The following pro-
16 gram levels are authorized for fiscal year 2001:

17 “(A) For the programs authorized by this
18 Act, the Administration is authorized to
19 make—

20 “(i) \$45,000,000 in technical assist-
21 ance grants as provided in section 7(m);
22 and

23 “(ii) \$60,000,000 in direct loans, as
24 provided in 7(m).

25 “(B) For the programs authorized by this
26 Act, the Administration is authorized to make

1 \$19,050,000,000 in deferred participation loans
2 and other financings. Of such sum, the Admin-
3 istration is authorized to make—

4 “(i) \$14,500,000,000 in general busi-
5 ness loans as provided in section 7(a);

6 “(ii) \$4,000,000,000 in financings as
7 provided in section 7(a)(13) of this Act
8 and section 504 of the Small Business In-
9 vestment Act of 1958;

10 “(iii) \$500,000,000 in loans as pro-
11 vided in section 7(a)(21); and

12 “(iv) \$50,000,000 in loans as pro-
13 vided in section 7(m).

14 “(C) For the programs authorized by title
15 III of the Small Business Investment Act of
16 1958, the Administration is authorized to
17 make—

18 “(i) \$2,500,000,000 in purchases of
19 participating securities; and

20 “(ii) \$1,500,000,000 in guarantees of
21 debentures.

22 “(D) For the programs authorized by part
23 B of title IV of the Small Business Investment
24 Act of 1958, the Administration is authorized
25 to enter into guarantees not to exceed

1 \$4,000,000,000 of which not more than 50 per-
2 cent may be in bonds approved pursuant to sec-
3 tion 411(a)(3) of that Act.

4 “(E) The Administration is authorized to
5 make grants or enter cooperative agreements
6 for a total amount of \$5,000,000 for the Serv-
7 ice Corps of Retired Executives program au-
8 thorized by section 8(b)(1).

9 “(2) ADDITIONAL AUTHORIZATIONS.—

10 “(A) There are authorized to be appro-
11 priated to the Administration for fiscal year
12 2001 such sums as may be necessary to carry
13 out the provisions of this Act not elsewhere pro-
14 vided for, including administrative expenses and
15 necessary loan capital for disaster loans pursu-
16 ant to section 7(b), and to carry out title IV of
17 the Small Business Investment Act of 1958, in-
18 cluding salaries and expenses of the Adminis-
19 tration.

20 “(B) Notwithstanding any other provision
21 of this paragraph, for fiscal year 2001—

22 “(i) no funds are authorized to be
23 used as loan capital for the loan program
24 authorized by section 7(a)(21) except by
25 transfer from another Federal department

1 or agency to the Administration, unless the
2 program level authorized for general busi-
3 ness loans under paragraph (1)(B)(i) is
4 fully funded; and

5 “(ii) the Administration may not ap-
6 prove loans on its own behalf or on behalf
7 of any other Federal department or agen-
8 cy, by contract or otherwise, under terms
9 and conditions other than those specifically
10 authorized under this Act or the Small
11 Business Investment Act of 1958, except
12 that it may approve loans under section
13 7(a)(21) of this Act in gross amounts of
14 not more than \$1,250,000.

15 “(h) FISCAL YEAR 2002.—

16 “(1) PROGRAM LEVELS.—The following pro-
17 gram levels are authorized for fiscal year 2002:

18 “(A) For the programs authorized by this
19 Act, the Administration is authorized to
20 make—

21 “(i) \$60,000,000 in technical assist-
22 ance grants as provided in section 7(m);
23 and

24 “(ii) \$80,000,000 in direct loans, as
25 provided in 7(m).

1 “(B) For the programs authorized by this
2 Act, the Administration is authorized to make
3 \$20,050,000,000 in deferred participation loans
4 and other financings. Of such sum, the Admin-
5 istration is authorized to make—

6 “(i) \$15,000,000,000 in general busi-
7 ness loans as provided in section 7(a);

8 “(ii) \$4,500,000,000 in financings as
9 provided in section 7(a)(13) of this Act
10 and section 504 of the Small Business In-
11 vestment Act of 1958;

12 “(iii) \$500,000,000 in loans as pro-
13 vided in section 7(a)(21); and

14 “(iv) \$50,000,000 in loans as pro-
15 vided in section 7(m).

16 “(C) For the programs authorized by title
17 III of the Small Business Investment Act of
18 1958, the Administration is authorized to
19 make—

20 “(i) \$3,500,000,000 in purchases of
21 participating securities; and

22 “(ii) \$2,500,000,000 in guarantees of
23 debentures.

24 “(D) For the programs authorized by part
25 B of title IV of the Small Business Investment

1 Act of 1958, the Administration is authorized
2 to enter into guarantees not to exceed
3 \$5,000,000,000 of which not more than 50 per-
4 cent may be in bonds approved pursuant to sec-
5 tion 411(a)(3) of that Act.

6 “(E) The Administration is authorized to
7 make grants or enter cooperative agreements
8 for a total amount of \$6,000,000 for the Serv-
9 ice Corps of Retired Executives program au-
10 thorized by section 8(b)(1).

11 “(2) ADDITIONAL AUTHORIZATIONS.—

12 “(A) There are authorized to be appro-
13 priated to the Administration for fiscal year
14 2002 such sums as may be necessary to carry
15 out the provisions of this Act not elsewhere pro-
16 vided for, including administrative expenses and
17 necessary loan capital for disaster loans pursu-
18 ant to section 7(b), and to carry out title IV of
19 the Small Business Investment Act of 1958, in-
20 cluding salaries and expenses of the Adminis-
21 tration.

22 “(B) Notwithstanding any other provision
23 of this paragraph, for fiscal year 2002—

24 “(i) no funds are authorized to be
25 used as loan capital for the loan program

1 authorized by section 7(a)(21) except by
2 transfer from another Federal department
3 or agency to the Administration, unless the
4 program level authorized for general busi-
5 ness loans under paragraph (1)(B)(i) is
6 fully funded; and

7 “(ii) the Administration may not ap-
8 prove loans on its own behalf or on behalf
9 of any other Federal department or agen-
10 cy, by contract or otherwise, under terms
11 and conditions other than those specifically
12 authorized under this Act or the Small
13 Business Investment Act of 1958, except
14 that it may approve loans under section
15 7(a)(21) of this Act in gross amounts of
16 not more than \$1,250,000.

17 “(i) FISCAL YEAR 2003.—

18 “(1) PROGRAM LEVELS.—The following pro-
19 gram levels are authorized for fiscal year 2003:

20 “(A) For the programs authorized by this
21 Act, the Administration is authorized to
22 make—

23 “(i) \$70,000,000 in technical assist-
24 ance grants as provided in section 7(m);
25 and

1 “(ii) \$100,000,000 in direct loans, as
2 provided in 7(m).

3 “(B) For the programs authorized by this
4 Act, the Administration is authorized to make
5 \$21,550,000,000 in deferred participation loans
6 and other financings. Of such sum, the Admin-
7 istration is authorized to make—

8 “(i) \$16,000,000,000 in general busi-
9 ness loans as provided in section 7(a);

10 “(ii) \$5,000,000,000 in financings as
11 provided in section 7(a)(13) of this Act
12 and section 504 of the Small Business In-
13 vestment Act of 1958;

14 “(iii) \$500,000,000 in loans as pro-
15 vided in section 7(a)(21); and

16 “(iv) \$50,000,000 in loans as pro-
17 vided in section 7(m).

18 “(C) For the programs authorized by title
19 III of the Small Business Investment Act of
20 1958, the Administration is authorized to
21 make—

22 “(i) \$4,000,000,000 in purchases of
23 participating securities; and

24 “(ii) \$3,000,000,000 in guarantees of
25 debentures.

1 “(D) For the programs authorized by part
2 B of title IV of the Small Business Investment
3 Act of 1958, the Administration is authorized
4 to enter into guarantees not to exceed
5 \$6,000,000,000 of which not more than 50 per-
6 cent may be in bonds approved pursuant to sec-
7 tion 411(a)(3) of that Act.

8 “(E) The Administration is authorized to
9 make grants or enter into cooperative agree-
10 ments for a total amount of \$7,000,000 for the
11 Service Corps of Retired Executives program
12 authorized by section 8(b)(1).

13 “(2) ADDITIONAL AUTHORIZATIONS.—

14 “(A) There are authorized to be appro-
15 priated to the Administration for fiscal year
16 2003 such sums as may be necessary to carry
17 out the provisions of this Act not elsewhere pro-
18 vided for, including administrative expenses and
19 necessary loan capital for disaster loans pursu-
20 ant to section 7(b), and to carry out title IV of
21 the Small Business Investment Act of 1958, in-
22 cluding salaries and expenses of the Adminis-
23 tration.

24 “(B) Notwithstanding any other provision
25 of this paragraph, for fiscal year 2003—

“(i) no funds are authorized to be used as loan capital for the loan program authorized by section 7(a)(21) except by transfer from another Federal department or agency to the Administration, unless the program level authorized for general business loans under paragraph (1)(B)(i) is fully funded; and

“(ii) the Administration may not approve loans on its own behalf or on behalf of any other Federal department or agency, by contract or otherwise, under terms and conditions other than those specifically authorized under this Act or the Small Business Investment Act of 1958, except that it may approve loans under section 7(a)(21) of this Act in gross amounts of not more than \$1,250,000.”.

SEC. 503. ADDITIONAL REAUTHORIZATIONS.

(a) DRUG-FREE WORKPLACE PROGRAM.—Section 27 of the Small Business Act (15 U.S.C. 654) is amended—

(1) in the section heading, by striking “**DRUG-FREE WORKPLACE DEMONSTRATION PROGRAM**” and inserting “**PAUL D. COVERDELL DRUG-FREE WORKPLACE PROGRAM**”; and

1 (2) in subsection (g)(1), by striking
2 “\$10,000,000 for fiscal years 1999 and 2000” and
3 inserting “\$5,000,000 for each of fiscal years 2001
4 through 2003”.

5 (b) HUBZONE PROGRAM.—Section 31 of the Small
6 Business Act (15 U.S.C. 657a) is amended by adding at
7 the end the following:

8 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
9 is authorized to be appropriated to carry out the program
10 established by this section \$10,000,000 for each of fiscal
11 years 2001 through 2003.”.

12 (c) VERY SMALL BUSINESS CONCERNS PROGRAM.—
13 Section 304(i) of the Small Business Administration Re-
14 authorization and Amendments Act of 1994 (Public Law
15 103–403; 15 U.S.C. 644 note) is amended by striking
16 “September 30, 2000” and inserting “September 30,
17 2003”.

18 (d) SOCIALLY AND ECONOMICALLY DISADVANTAGED
19 BUSINESSES PROGRAM.—Section 7102(c) of the Federal
20 Acquisition Streamlining Act of 1994 (Public Law 103–
21 355; 15 U.S.C. 644 note) is amended by striking “Sep-
22 tember 30, 2000” and inserting “September 30, 2003”.

23 (e) SBDC SERVICES.—Section 21(c)(3)(T) of the
24 Small Business Act (15 U.S.C. 648(c)(3)(T)) is amended
25 by striking “2000” and inserting “2003”.

1 **SEC. 504. COSPONSORSHIP.**

2 (a) IN GENERAL.—Section 8(b)(1)(A) of the Small
3 Business Act (15 U.S.C. 637(b)(1)(A)) is amended to read
4 as follows:

5 “(1)(A) to provide—

6 “(i) technical, managerial, and informa-
7 tional aids to small business concerns—

8 “(I) by advising and counseling on
9 matters in connection with Government
10 procurement and policies, principles, and
11 practices of good management;

12 “(II) by cooperating and advising
13 with—

14 “(aa) voluntary business, profes-
15 sional, educational, and other non-
16 profit organizations, associations, and
17 institutions (except that the Adminis-
18 tration shall take such actions as it
19 determines necessary to ensure that
20 such cooperation does not constitute
21 or imply an endorsement by the Ad-
22 ministration of the organization or its
23 products or services, and shall ensure
24 that it receives appropriate recogni-
25 tion in all printed materials); and

1 “(bb) other Federal and State
2 agencies;

3 “(III) by maintaining a clearinghouse
4 for information on managing, financing,
5 and operating small business enterprises;
6 and

7 “(IV) by disseminating such informa-
8 tion, including through recognition events,
9 and by other activities that the Adminis-
10 tration determines to be appropriate; and

11 “(ii) through cooperation with a profit-
12 making concern (referred to in this paragraph
13 as a ‘cosponsor’), training, information, and
14 education to small business concerns, except
15 that the Administration shall—

16 “(I) take such actions as it deter-
17 mines to be appropriate to ensure that—

18 “(aa) the Administration receives
19 appropriate recognition and publicity;

20 “(bb) the cooperation does not
21 constitute or imply an endorsement by
22 the Administration of any product or
23 service of the cosponsor;

1 “(cc) unnecessary promotion of
2 the products or services of the cospon-
3 sor is avoided; and

4 “(dd) utilization of any 1 cospon-
5 sor in a marketing area is minimized;
6 and

7 “(II) develop an agreement, executed
8 on behalf of the Administration by an em-
9 ployee of the Administration in Wash-
10 ington, the District of Columbia, that pro-
11 vides, at a minimum, that—

12 “(aa) any printed material to an-
13 nounce the cosponsorship or to be dis-
14 tributed at the cosponsored activity,
15 shall be approved in advance by the
16 Administration;

17 “(bb) the terms and conditions of
18 the cooperation shall be specified;

19 “(cc) only minimal charges may
20 be imposed on any small business con-
21 cern to cover the direct costs of pro-
22 viding the assistance;

23 “(dd) the Administration may
24 provide to the cosponsorship mailing
25 labels, but not lists of names and ad-

1 dresses of small business concerns
2 compiled by the Administration;

3 “(ee) all printed materials con-
4 taining the names of both the Admin-
5 istration and the cosponsor shall in-
6 clude a prominent disclaimer that the
7 cooperation does not constitute or
8 imply an endorsement by the Adminis-
9 tration of any product or service of
10 the cosponsor; and

11 “(ff) the Administration shall en-
12 sure that it receives appropriate rec-
13 ognition in all cosponsorship printed
14 materials.”.

15 (b) EXTENSION OF COSPONSORSHIP AUTHORITY.—
16 Section 401(a)(2) of the Small Business Administration
17 Reauthorization and Amendments Act of 1994 (15 U.S.C.
18 637 note) is amended by striking “September 30, 2000”
19 and inserting “September 30, 2003”.

20 **TITLE VI—HUBZONE PROGRAM**
21 **Subtitle A—HUBZones in Native**
22 **America**

23 **SEC. 601. SHORT TITLE.**

24 This subtitle may be cited as the “HUBZones in Na-
25 tive America Act of 2000”.

1 **SEC. 602. HUBZONE SMALL BUSINESS CONCERN.**

2 Section 3(p)(3) of the Small Business Act (15 U.S.C.
3 632(p)(3)) is amended to read as follows:

4 “(3) HUBZONE SMALL BUSINESS CONCERN.—

5 The term ‘HUBZone small business concern’
6 means—

7 “(A) a small business concern that is
8 owned and controlled by 1 or more persons,
9 each of whom is a United States citizen;

10 “(B) a small business concern that is—

11 “(i) an Alaska Native Corporation
12 owned and controlled by Natives (as deter-
13 mined pursuant to section 29(e)(1) of the
14 Alaska Native Claims Settlement Act (43
15 U.S.C. 1626(e)(1))); or

16 “(ii) a direct or indirect subsidiary
17 corporation, joint venture, or partnership
18 of an Alaska Native Corporation qualifying
19 pursuant to section 29(e)(1) of the Alaska
20 Native Claims Settlement Act (43 U.S.C.
21 1626(e)(1)), if that subsidiary, joint ven-
22 ture, or partnership is owned and con-
23 trolled by Natives (as determined pursuant
24 to section 29(e)(2)) of the Alaska Native
25 Claims Settlement Act (43 U.S.C.
26 1626(e)(2))); or

1 “(C) a small business concern—

2 “(i) that is wholly owned by 1 or more
3 Indian tribal governments, or by a corpora-
4 tion that is wholly owned by 1 or more In-
5 dian tribal governments; or

6 “(ii) that is owned in part by 1 or
7 more Indian tribal governments, or by a
8 corporation that is wholly owned by 1 or
9 more Indian tribal governments, if all
10 other owners are either United States citi-
11 zens or small business concerns.”.

12 **SEC. 603. QUALIFIED HUBZONE SMALL BUSINESS CON-**
13 **CERN.**

14 (a) IN GENERAL.—Section 3(p)(5)(A)(i) of the Small
15 Business Act (15 U.S.C. 632(p)(5)(A)(i)) is amended by
16 striking subclauses (I) and (II) and inserting the fol-
17 lowing:

18 “(I) it is a HUBZone small busi-
19 ness concern—

20 “(aa) pursuant to subpara-
21 graph (A) or (B) of paragraph
22 (3), and that its principal office
23 is located in a HUBZone and not
24 fewer than 35 percent of its em-
25 ployees reside in a HUBZone; or

1 “(bb) pursuant to paragraph
 2 (3)(C), and not fewer than 35
 3 percent of its employees engaged
 4 in performing a contract awarded
 5 to the small business concern on
 6 the basis of a preference provided
 7 under section 31(b) reside within
 8 any Indian reservation governed
 9 by 1 or more of the tribal govern-
 10 ment owners, or reside within
 11 any HUBZone adjoining any
 12 such Indian reservation;

13 “(II) the small business concern
 14 will attempt to maintain the applica-
 15 ble employment percentage under sub-
 16 clause (I) during the performance of
 17 any contract awarded to the small
 18 business concern on the basis of a
 19 preference provided under section
 20 31(b); and”.

21 (b) CLARIFYING AMENDMENT.—Section
 22 3(p)(5)(D)(i) of the Small Business Act (15 U.S.C.
 23 632(p)(5)(D)(i)) is amended by inserting “once the Ad-
 24 ministrators has made the certification required by sub-
 25 paragraph (A)(i) regarding a qualified HUBZone small

1 business concern and has determined that subparagraph
 2 (A)(ii) does not apply to that concern,” before “include”.

3 **SEC. 604. OTHER DEFINITIONS.**

4 Section 3(p) of the Small Business Act (15 U.S.C.
 5 632(p)) is amended by adding at the end the following:

6 “(6) NATIVE AMERICAN SMALL BUSINESS CON-
 7 CERNS.—

8 “(A) ALASKA NATIVE CORPORATION.—The
 9 term ‘Alaska Native Corporation’ has the same
 10 meaning as the term ‘Native Corporation’ in
 11 section 3 of the Alaska Native Claims Settle-
 12 ment Act (43 U.S.C. 1602).

13 “(B) ALASKA NATIVE VILLAGE.—The term
 14 ‘Alaska Native Village’ has the same meaning
 15 as the term ‘Native village’ in section 3 of the
 16 Alaska Native Claims Settlement Act (43
 17 U.S.C. 1602).

18 “(C) INDIAN RESERVATION.—The term
 19 ‘Indian reservation’—

20 “(i) has the same meaning as the
 21 term ‘Indian country’ in section 1151 of
 22 title 18, United States Code, except that
 23 such term does not include—

24 “(I) any lands that are located
 25 within a State in which a tribe did not

1 exercise governmental jurisdiction on
2 the date of enactment of this para-
3 graph, unless that tribe is recognized
4 after that date of enactment by either
5 an Act of Congress or pursuant to
6 regulations of the Secretary of the In-
7 terior for the administrative recogni-
8 tion that an Indian group exists as an
9 Indian tribe (part 83 of title 25, Code
10 of Federal Regulations); and

11 “(II) lands taken into trust or
12 acquired by an Indian tribe after the
13 date of enactment of this paragraph if
14 such lands are not located within the
15 external boundaries of an Indian res-
16 ervation or former reservation or are
17 not contiguous to the lands held in
18 trust or restricted status on that date
19 of enactment; and

20 “(ii) in the State of Oklahoma, means
21 lands that—

22 “(I) are within the jurisdictional
23 areas of an Oklahoma Indian tribe (as
24 determined by the Secretary of the In-
25 terior); and

1 “(II) are recognized by the Sec-
 2 retary of the Interior as eligible for
 3 trust land status under part 151 of
 4 title 25, Code of Federal Regulations
 5 (as in effect on the date of enactment
 6 of this paragraph).”.

7 **Subtitle B—Other HUBZone** 8 **Provisions**

9 **SEC. 611. DEFINITIONS.**

10 (a) QUALIFIED CENSUS TRACT.—Section 3(p)(4)(A)
 11 of the Small Business Act (15 U.S.C. 632(p)(4)(A)) is
 12 amended by striking “(I)”.

13 (b) QUALIFIED NONMETROPOLITAN COUNTY.—Sec-
 14 tion 3(p)(4) of the Small Business Act (15 U.S.C.
 15 632(p)(4)) is amended by striking subparagraph (B) and
 16 inserting the following:

17 “(B) QUALIFIED NONMETROPOLITAN
 18 COUNTY.—The term ‘qualified nonmetropolitan
 19 county’ means any county—

20 “(i) that was not located in a metro-
 21 politan statistical area (as defined in sec-
 22 tion 143(k)(2)(B) of the Internal Revenue
 23 Code of 1986) at the time of the most re-
 24 cent census taken for purposes of selecting
 25 qualified census tracts under section

42(d)(5)(C)(ii) of the Internal Revenue
Code of 1986; and

“(ii) in which—

“(I) the median household income is less than 80 percent of the nonmetropolitan State median household income, based on the most recent data available from the Bureau of the Census of the Department of Commerce; or

“(II) the unemployment rate is not less than 140 percent of the Statewide average unemployment rate for the State in which the county is located, based on the most recent data available from the Secretary of Labor.”.

SEC. 612. ELIGIBLE CONTRACTS.

(a) COMMODITIES CONTRACTS.—Section 31(b)(3) of the Small Business Act (15 U.S.C. 657a(b)(3)) is amended—

(1) by striking “In any” and inserting the following:

“(A) IN GENERAL.—Subject to subparagraph (B), in any”; and

1 (2) by adding at the end the following:

2 “(B) PROCUREMENT OF COMMODITIES.—

3 For purchases by the Secretary of Agriculture
4 of agricultural commodities, the price evaluation
5 preference shall be—

6 “(i) 10 percent, for the portion of a
7 contract to be awarded that is not greater
8 than 25 percent of the total volume being
9 procured for each commodity in a single
10 invitation;

11 “(ii) 5 percent, for the portion of a
12 contract to be awarded that is greater than
13 25 percent, but not greater than 40 per-
14 cent, of the total volume being procured
15 for each commodity in a single invitation;
16 and

17 “(iii) zero, for the portion of a con-
18 tract to be awarded that is greater than 40
19 percent of the total volume being procured
20 for each commodity in a single invitation.

21 “(C) TREATMENT OF PREFERENCE.—A
22 contract awarded to a HUBZone small business
23 concern under a preference described in sub-
24 paragraph (B) shall not be counted toward the
25 fulfillment of any requirement partially set

1 aside for competition restricted to small busi-
2 ness concerns.”.

3 (b) DEFINITIONS.—Section 3(p) of the Small Busi-
4 ness Act (15 U.S.C. 632(p)), as amended by this Act, is
5 amended—

6 (1) in paragraph (5)(A)(i)(III)—

7 (A) in item (aa), by striking “and” at the
8 end; and

9 (B) by adding at the end the following:

10 “(cc) in the case of a con-
11 tract for the procurement by the
12 Secretary of Agriculture of agri-
13 cultural commodities, none of the
14 commodity being procured will be
15 obtained by the prime contractor
16 through a subcontract for the
17 purchase of the commodity in
18 substantially the final form in
19 which it is to be supplied to the
20 Government; and”;

21 (2) by adding at the end the following:

22 “(7) AGRICULTURAL COMMODITY.—The term
23 ‘agricultural commodity’ has the same meaning as in
24 section 102 of the Agricultural Trade Act of 1978
25 (7 U.S.C. 5602).”.

1 **SEC. 613. HUBZONE REDESIGNATED AREAS.**

2 Section 3(p) of the Small Business Act (15 U.S.C.
3 632(p)) is amended—

4 (1) in paragraph (1)—

5 (A) in subparagraph (B), by striking “or”
6 at the end;

7 (B) in subparagraph (C), by striking the
8 period at the end and inserting “; or”; and

9 (C) by adding at the end the following:

10 “(D) redesignated areas.”; and

11 (2) in paragraph (4), by adding at the end the
12 following:

13 “(C) REDESIGNATED AREA.—The term
14 ‘redesignated area’ means any census tract that
15 ceases to be qualified under subparagraph (A)
16 and any nonmetropolitan county that ceases to
17 be qualified under subparagraph (B), except
18 that a census tract or a nonmetropolitan county
19 may be a ‘redesignated area’ only for the 3-year
20 period following the date on which the census
21 tract or nonmetropolitan county ceased to be so
22 qualified.”.

23 **SEC. 614. COMMUNITY DEVELOPMENT.**

24 Section 3(p) of the Small Business Act (15 U.S.C.
25 632(p)), as amended by this Act, is amended—

26 (1) in paragraph (3)—

1 (A) in subparagraph (B), by striking “or”
 2 at the end;

3 (B) in subparagraph (C), by striking the
 4 period at the end and inserting “; or”; and

5 (C) by adding at the end the following:

6 “(D) a small business concern that is—

7 “(i) wholly owned by a community de-
 8 velopment corporation that has received fi-
 9 nancial assistance under Part 1 of Sub-
 10 chapter A of the Community Economic De-
 11 velopment Act of 1981 (42 U.S.C. 9805 et
 12 seq.); or

13 “(ii) owned in part by 1 or more com-
 14 munity development corporations, if all
 15 other owners are either United States citi-
 16 zens or small business concerns.”; and

17 (2) in paragraph (5)(A)(i)(I)(aa), by striking
 18 “subparagraph (A) or (B)” and inserting “subpara-
 19 graph (A), (B), or (D)”.

20 **SEC. 615. REFERENCE CORRECTIONS.**

21 (a) SECTION 3.—Section 3(p)(5)(C) of the Small
 22 Business Act (15 U.S.C. 632(p)(5)(C)) is amended by
 23 striking “subclause (IV) and (V) of subparagraph (A)(i)”
 24 and inserting “items (aa) and (bb) of subparagraph
 25 (A)(i)(III)”.

1 (b) SECTION 8.—Section 8(d)(4)(D) of the Small
2 Business Act (15 U.S.C. 637(d)(4)(D)) is amended by in-
3 serting “qualified HUBZone small business concerns,”
4 after “small business concerns,”.

5 **TITLE VII—NATIONAL WOMEN’S**
6 **BUSINESS COUNCIL REAU-**
7 **THORIZATION**

8 **SEC. 701. SHORT TITLE.**

9 This title may be cited as the “National Women’s
10 Business Council Reauthorization Act of 2000”.

11 **SEC. 702. MEMBERSHIP OF THE COUNCIL.**

12 Section 407 of the Women’s Business Ownership Act
13 of 1988 (15 U.S.C. 631 note) is amended—

14 (1) in subsection (a), by striking “Not later”
15 and all that follows through “the President” and in-
16 serting “The President”;

17 (2) in subsection (b)—

18 (A) by striking “Not later” and all that
19 follows through “the Administrator” and insert-
20 ing “The Administrator”; and

21 (B) by striking “the Assistant Adminis-
22 trator of the Office of Women’s Business Own-
23 ership and”;

1 (3) in subsection (d), by striking “, except
2 that” and all that follows through the end of the
3 subsection and inserting a period; and

4 (4) in subsection (h), by striking “Not later”
5 and all that follows through “the Administrator”
6 and inserting “The Administrator”.

7 **SEC. 703. REPEAL OF PROCUREMENT PROJECT.**

8 Section 409 of the Women’s Business Ownership Act
9 of 1988 (15 U.S.C. 631 note) is repealed.

10 **SEC. 704. STUDIES AND OTHER RESEARCH.**

11 Section 410 of the Women’s Business Ownership Act
12 of 1988 (15 U.S.C. 631 note) is amended to read as fol-
13 lows:

14 **“SEC. 409. STUDIES AND OTHER RESEARCH.**

15 “(a) IN GENERAL.—The Council may conduct such
16 studies and other research relating to the award of Fed-
17 eral prime contracts and subcontracts to women-owned
18 businesses, to access to credit and investment capital by
19 women entrepreneurs, or to other issues relating to
20 women-owned businesses, as the Council determines to be
21 appropriate.

22 “(b) CONTRACT AUTHORITY.—In conducting any
23 study or other research under this section, the Council
24 may contract with 1 or more public or private entities.”.

1 **SEC. 705. AUTHORIZATION OF APPROPRIATIONS.**

2 Section 411 of the Women’s Business Ownership Act
3 of 1988 (15 U.S.C. 631 note) is amended to read as fol-
4 lows:

5 **“SEC. 410. AUTHORIZATION OF APPROPRIATIONS.**

6 “(a) IN GENERAL.—There is authorized to be appro-
7 priated to carry out this title \$1,000,000, for each of fiscal
8 years 2001 through 2003, of which \$550,000 shall be
9 available in each such fiscal year to carry out section 409.

10 “(b) BUDGET REVIEW.—No amount made available
11 under this section for any fiscal year may be obligated or
12 expended by the Council before the date on which the
13 Council reviews and approves the operating budget of the
14 Council to carry out the responsibilities of the Council for
15 that fiscal year.”.

16 **TITLE VIII—MISCELLANEOUS**
17 **PROVISIONS**

18 **SEC. 801. LOAN APPLICATION PROCESSING.**

19 (a) STUDY.—The Administrator of the Small Busi-
20 ness Administration shall conduct a study to determine
21 the average time that the Administration requires to proc-
22 ess an application for each type of loan or loan guarantee
23 made under the Small Business Act (15 U.S.C. 631 et
24 seq.).

25 (b) TRANSMITTAL.—Not later than 1 year after the
26 date of enactment of this Act, the Administrator shall

1 transmit to Congress the results of the study conducted
2 under subsection (a).

3 **SEC. 802. APPLICATION OF OWNERSHIP REQUIREMENTS.**

4 (a) SMALL BUSINESS ACT.—Section 7(a) of the
5 Small Business Act (15 U.S.C. 636(a)) is amended by
6 adding at the end the following:

7 “(30) OWNERSHIP REQUIREMENTS.—Owner-
8 ship requirements to determine the eligibility of a
9 small business concern that applies for assistance
10 under any credit program under this Act shall be de-
11 termined without regard to any ownership interest of
12 a spouse arising solely from the application of the
13 community property laws of a State for purposes of
14 determining marital interests.”.

15 (b) SMALL BUSINESS INVESTMENT ACT OF 1958.—
16 Section 502 of the Small Business Investment Act of 1958
17 (15 U.S.C. 696) is amended by adding at the end the fol-
18 lowing:

19 “(6) OWNERSHIP REQUIREMENTS.—Ownership
20 requirements to determine the eligibility of a small
21 business concern that applies for assistance under
22 any credit program under this title shall be deter-
23 mined without regard to any ownership interest of a
24 spouse arising solely from the application of the

1 community property laws of a State for purposes of
2 determining marital interests.”.

3 **SEC. 803. SUBCONTRACTING PREFERENCE FOR VETERANS.**

4 Section 8(d) of the Small Business Act (15 U.S.C.
5 637(d)) is amended—

6 (1) in paragraph (1), by inserting “small busi-
7 ness concerns owned and controlled by veterans,”
8 after “small business concerns,” the first place that
9 term appears in each of the first and second sen-
10 tences;

11 (2) in paragraph (3)—

12 (A) in subparagraph (A), by inserting
13 “small business concerns owned and controlled
14 by service-disabled veterans,” after “small busi-
15 ness concerns owned and controlled by vet-
16 erans,” in each of the first and second sen-
17 tences; and

18 (B) in subparagraph (F), by inserting
19 “small business concern owned and controlled
20 by service-disabled veterans,” after “small busi-
21 ness concern owned and controlled by vet-
22 erans,”; and

23 (3) in each of paragraphs (4)(D), (4)(E),
24 (6)(A), (6)(C), (6)(F), and (10)(B), by inserting
25 “small business concerns owned and controlled by

1 service-disabled veterans,” after “small business con-
2 cerns owned and controlled by veterans,”.

3 **SEC. 804. SMALL BUSINESS DEVELOPMENT CENTER PRO-**
4 **GRAM FUNDING.**

5 (a) AUTHORIZATION.—

6 (1) IN GENERAL.—Section 20(a)(1) of the
7 Small Business Act (15 U.S.C. 631 note) is amend-
8 ed by striking “For fiscal year 1985” and all that
9 follows through “expended.” and inserting the fol-
10 lowing: “For fiscal year 2000 and each fiscal year
11 thereafter, there are authorized to be appropriated
12 such sums as may be necessary and appropriate, to
13 remain available until expended, and to be available
14 solely—

15 “(A) to carry out the Small Business Develop-
16 ment Center Program under section 21, but not to
17 exceed the annual funding level, as specified in sec-
18 tion 21(a);

19 “(B) to pay the expenses of the National Small
20 Business Development Center Advisory Board, as
21 provided in section 21(i);

22 “(C) to pay the expenses of the information
23 sharing system, as provided in section 21(e)(8);

24 “(D) to pay the expenses of the association re-
25 ferred to in section 21(a)(3)(A) for conducting the

1 certification program, as provided in section
2 21(k)(2); and

3 “(E) to pay the expenses of the Administration,
4 including salaries of examiners, for conducting ex-
5 aminations as part of the certification program con-
6 ducted by the association referred to in section
7 21(a)(3)(A).”.

8 (2) TECHNICAL AMENDMENT.—Section 20(a) of
9 the Small Business Act (15 U.S.C. 631 note) is
10 amended by moving the margins of paragraphs (3)
11 and (4), including subparagraphs (A) and (B) of
12 paragraph (4), 2 ems to the left.

13 (b) FUNDING FORMULA.—Section 21(a)(4)(C) of the
14 Small Business Act (15 U.S.C. 648(a)(4)(C)) is amended
15 to read as follows:

16 “(C) FUNDING FORMULA.—

17 “(i) IN GENERAL.—Subject to clause (iii),
18 the amount of a formula grant received by a
19 State under this subparagraph shall be equal to
20 an amount determined in accordance with the
21 following formula:

22 “(I) The annual amount made avail-
23 able under section 20(a) for the Small
24 Business Development Center Program,
25 less any reductions made for expenses au-

1 thorized by clause (v) of this subpara-
2 graph, shall be divided on a pro rata basis,
3 based on the percentage of the population
4 of each State, as compared to the popu-
5 lation of the United States.

6 “(II) If the pro rata amount cal-
7 culated under subclause (I) for any State
8 is less than the minimum funding level
9 under clause (iii), the Administration shall
10 determine the aggregate amount necessary
11 to achieve that minimum funding level for
12 each such State.

13 “(III) The aggregate amount cal-
14 culated under subclause (II) shall be de-
15 ducted from the amount calculated under
16 subclause (I) for States eligible to receive
17 more than the minimum funding level. The
18 deductions shall be made on a pro rata
19 basis, based on the population of each such
20 State, as compared to the total population
21 of all such States.

22 “(IV) The aggregate amount deducted
23 under subclause (III) shall be added to the
24 grants of those States that are not eligible
25 to receive more than the minimum funding

1 level in order to achieve the minimum
2 funding level for each such State, except
3 that the eligible amount of a grant to any
4 State shall not be reduced to an amount
5 below the minimum funding level.

6 “(ii) GRANT DETERMINATION.—The
7 amount of a grant that a State is eligible to
8 apply for under this subparagraph shall be the
9 amount determined under clause (i), subject to
10 any modifications required under clause (iii),
11 and shall be based on the amount available for
12 the fiscal year in which performance of the
13 grant commences, but not including amounts
14 distributed in accordance with clause (iv). The
15 amount of a grant received by a State under
16 any provision of this subparagraph shall not ex-
17 ceed the amount of matching funds from
18 sources other than the Federal Government, as
19 required under subparagraph (A).

20 “(iii) MINIMUM FUNDING LEVEL.—The
21 amount of the minimum funding level for each
22 State shall be determined for each fiscal year
23 based on the amount made available for that
24 fiscal year to carry out this section, as follows:

1 “(I) If the amount made available is
2 not less than \$81,500,000 and not more
3 than \$90,000,000, the minimum funding
4 level shall be \$500,000.

5 “(II) If the amount made available is
6 less than \$81,500,000, the minimum fund-
7 ing level shall be the remainder of
8 \$500,000 minus a percentage of \$500,000
9 equal to the percentage amount by which
10 the amount made available is less than
11 \$81,500,000.

12 “(III) If the amount made available is
13 more than \$90,000,000, the minimum
14 funding level shall be the sum of \$500,000
15 plus a percentage of \$500,000 equal to the
16 percentage amount by which the amount
17 made available exceeds \$90,000,000.

18 “(iv) DISTRIBUTIONS.—Subject to clause
19 (iii), if any State does not apply for, or use, its
20 full funding eligibility for a fiscal year, the Ad-
21 ministration shall distribute the remaining
22 funds as follows:

23 “(I) If the grant to any State is less
24 than the amount received by that State in
25 fiscal year 2000, the Administration shall

1 distribute such remaining funds, on a pro
2 rata basis, based on the percentage of
3 shortage of each such State, as compared
4 to the total amount of such remaining
5 funds available, to the extent necessary in
6 order to increase the amount of the grant
7 to the amount received by that State in fis-
8 cal year 2000, or until such funds are ex-
9 hausted, whichever first occurs.

10 “(II) If any funds remain after the
11 application of subclause (I), the remaining
12 amount may be distributed as supple-
13 mental grants to any State, as the Admin-
14 istration determines, in its discretion, to be
15 appropriate, after consultation with the as-
16 sociation referred to in subsection
17 (a)(3)(A).

18 “(v) USE OF AMOUNTS.—

19 “(I) IN GENERAL.—Of the amounts
20 made available in any fiscal year to carry
21 out this section—

22 “(aa) not more than \$500,000
23 may be used by the Administration to
24 pay expenses enumerated in subpara-

1 graphs (B) through (D) of section
2 20(a)(1); and

3 “(bb) not more than \$500,000
4 may be used by the Administration to
5 pay the examination expenses enumer-
6 ated in section 20(a)(1)(E).

7 “(II) LIMITATION.—No funds de-
8 scribed in subclause (I) may be used for
9 examination expenses under section
10 20(a)(1)(E) if the usage would reduce the
11 amount of grants made available under
12 clause (i)(I) of this subparagraph to less
13 than \$85,000,000 (after excluding any
14 amounts provided in appropriations Acts
15 for specific institutions or for purposes
16 other than the general small business de-
17 velopment center program) or would fur-
18 ther reduce the amount of such grants
19 below such amount.

20 “(vi) EXCLUSIONS.—Grants provided to a
21 State by the Administration or another Federal
22 agency to carry out subsection (a)(6) or
23 (c)(3)(G), or for supplemental grants set forth
24 in clause (iv)(II) of this subparagraph, shall not
25 be included in the calculation of maximum

1 funding for a State under clause (ii) of this
2 subparagraph.

3 “(vii) AUTHORIZATION OF APPROPRIA-
4 TIONS.—There is authorized to be appropriated
5 to carry out this subparagraph \$125,000,000
6 for each of fiscal years 2001, 2002, and 2003.

7 “(viii) STATE DEFINED.—In this subpara-
8 graph, the term ‘State’ means each of the sev-
9 eral States, the District of Columbia, the Com-
10 monwealth of Puerto Rico, the Virgin Islands,
11 Guam, and American Samoa.”.

12 **SEC. 805. SURETY BONDS.**

13 (a) CONTRACT AMOUNTS.—Section 411 of the Small
14 Business Investment Act of 1958 (15 U.S.C. 694b) is
15 amended—

16 (1) in subsection (a)(1), by striking
17 “\$1,250,000” and inserting “\$2,000,000”; and

18 (2) in subsection (e)(2), by striking
19 “\$1,250,000” and inserting “\$2,000,000”.

20 (b) EXTENSION OF CERTAIN AUTHORITY.—Section
21 207 of the Small Business Administration Reauthorization
22 and Amendment Act of 1988 (15 U.S.C. 694b note) is
23 amended by striking “2000” and inserting “2003”.

1 **SEC. 806. SIZE STANDARDS.**

2 (a) **INDUSTRY CLASSIFICATIONS.**—Section 15(a) of
 3 the Small Business Act (15 U.S.C. 644(a)) is amended
 4 in the eighth sentence, by striking “four-digit standard”
 5 and all that follows through “published” and inserting
 6 “definition of a ‘United States industry’ under the North
 7 American Industry Classification System, as established”.

8 (b) **ANNUAL RECEIPTS.**—Section 3(a)(1) of the
 9 Small Business Act (15 U.S.C. 632(a)(1)) is amended by
 10 striking “\$500,000” and inserting “\$750,000”.

11 **SEC. 807. NATIVE HAWAIIAN ORGANIZATIONS UNDER SEC-**
 12 **TION 8(a).**

13 Section 8(a)(15)(A) of the Small Business Act (15
 14 U.S.C. 637(a)(15)(A)) is amended to read as follows:

15 “(A) is a nonprofit corporation that has filed
 16 articles of incorporation with the director (or the
 17 designee thereof) of the Hawaii Department of Com-
 18 merce and Consumer Affairs, or any successor agen-
 19 cy,”.

20 **SEC. 808. NATIONAL VETERANS BUSINESS DEVELOPMENT**
 21 **CORPORATION CORRECTION.**

22 Section 33(k) of the Small Business Act (15 U.S.C.
 23 657c(k)) is amended—

24 (1) by striking paragraph (1) and inserting the
 25 following:

1 “(1) IN GENERAL.—Subject to paragraph (2),
 2 there are authorized to be appropriated to the Cor-
 3 poration to carry out this section—

4 “(A) \$4,000,000 for fiscal year 2001;

5 “(B) \$4,000,000 for fiscal year 2002;

6 “(C) \$2,000,000 for fiscal year 2003; and

7 “(D) \$2,000,000 for fiscal year 2004.”;

8 (2) in paragraph (2)(A), by striking “2001”
 9 each place it appears and inserting “2002”; and

10 (3) in paragraph (2)(B), by striking “2002 or
 11 2003” and inserting “2003 or 2004”.

12 **SEC. 809. PRIVATE SECTOR RESOURCES FOR SCORE.**

13 Section 8(b)(1)(B) of the Small Business Act (15
 14 U.S.C. 637(b)(1)(B)) is amended by adding at the end
 15 the following: “Notwithstanding any other provision of
 16 law, SCORE may solicit cash and in-kind contributions
 17 from the private sector to be used to carry out its func-
 18 tions under this Act, and may use payments made by the
 19 Administration pursuant to this subparagraph for such so-
 20 licitation.”.

21 **SEC. 810. CONTRACT DATA COLLECTION.**

22 (a) DEFINITION OF BUNDLED CONTRACT.—Section
 23 3(o)(1) of the Small Business Act (15 U.S.C. 632(o)(1))
 24 is amended to read as follows:

1 “(1) BUNDLED CONTRACT.—The term ‘bundled
2 contract’ means a contract, or a modification of an
3 existing contract, that is entered into to meet—

4 “(A) requirements that are consolidated in
5 a bundling of contract requirements regardless
6 of whether the contracting agency has con-
7 ducted a study of the effects of the solicitation
8 for the contract on civilian or military personnel
9 of the United States; or

10 “(B) any procurement requirement that
11 permits the consolidation of 2 or more procure-
12 ment requirements.”.

13 (b) ANALYSIS REQUIRED WITH RESPECT TO BUN-
14 DLED CONTRACTS.—Section 15(e)(2)(A) of the Small
15 Business Act (15 U.S.C. 644(e)(2)(A)) is amended—

16 (1) by striking “(A) IN GENERAL.—” and in-
17 serting the following:

18 “(A) DETERMINATION OF NECESSITY.—

19 “(i) IN GENERAL.—”; and

20 (2) by adding at the end the following:

21 “(ii) IDENTIFICATION OF DISPLACED
22 PRIME CONTRACTORS.—The market re-
23 search required by clause (i) shall identify
24 each small business concern that will be
25 displaced as a prime contractor as a result

1 of the award of a contract described in
2 such clause, and the Administrator shall
3 maintain such data for a period of not less
4 than 10 years.

5 “(iii) BUNDLED CONTRACTS SUBJECT
6 TO RECOMPETITION.—

7 “(I) IN GENERAL.—Not less than
8 30 days before issuing a solicitation to
9 recompile a previously bundled con-
10 tract as a contract that continues to
11 contain the bundling of contract re-
12 quirements of the original bundled
13 contract, the head of the agency shall
14 notify the Administrator and transmit
15 a report to the Administrator con-
16 taining the results of the market re-
17 search required under clause (i).

18 “(II) REVIEW AND DETERMINA-
19 TION.—The Administrator shall, not
20 later than 30 days after notification
21 under subclause (I), review and
22 determine—

23 “(aa) the amount of savings
24 and benefits (in accordance with
25 this subsection) achieved under

1 the bundling of contract require-
2 ments; and

3 “(bb) whether such savings
4 and benefits will continue to be
5 realized if the contract remains
6 bundled and whether such bene-
7 fits would be greater if the pro-
8 curement requirements were di-
9 vided into separate solicitations
10 suitable for award to small busi-
11 ness concerns.

12 “(II) APPEAL.—

13 “(aa) IN GENERAL.—If,
14 after conducting a review under
15 subclause (II), the Administrator
16 reaches a conclusion with respect
17 to the savings and benefits of the
18 recompeted bundle different than
19 that reached by the head of the
20 contracting agency as part of the
21 market analysis required under
22 clause (i) and such head proceeds
23 with a solicitation for the con-
24 tract, the Administrator shall file
25 an appeal with the Administrator

1 of the Office of Federal Procure-
2 ment Policy.

3 “(bb) NOTICE.—If the Ad-
4 ministrator files an appeal under
5 item (aa), the Administrator
6 shall notify the head of the con-
7 tracting agency.

8 “(cc) FILING OF RE-
9 PORTS.—Not less than 5 cal-
10 endar days after notice is given
11 under item (bb), the Adminis-
12 trator shall submit a report con-
13 taining information on the Ad-
14 ministrator’s conclusions and de-
15 terminations under subclause
16 (II), and the head of the con-
17 tracting agency shall submit the
18 report described in subclause (I),
19 to the Administrator of the Of-
20 fice of Federal Procurement Pol-
21 icy.

22 “(dd) DECISION.—Not later
23 than 7 calendar days after the
24 submission of reports under item
25 (cc), the Administrator of the Of-

1 fice of Federal Procurement Pol-
2 icy shall determine whether the
3 subject contract shall be recom-
4 peted as bundled contract.”.

5 (c) ANNUAL REPORT ON CONTRACT BUNDLING.—
6 Section 15 of the Small Business Act (15 U.S.C. 644) is
7 amended by adding at the end the following:

8 “(p) ANNUAL REPORT ON CONTRACT BUNDLING.—

9 “(1) IN GENERAL.—Not later than 1 year after
10 the date of enactment of this subsection, and annu-
11 ally in March thereafter, the Administration shall
12 transmit a report on contract bundling to the Com-
13 mittees on Small Business of the House of Rep-
14 resentatives and the Senate.

15 “(2) CONTENTS.—Each report transmitted
16 under paragraph (1) shall include—

17 “(A) data on the number, arranged by in-
18 dustrial classification, of small business con-
19 cerns displaced as prime contractors as a result
20 of the award of bundled contracts by Federal
21 agencies; and

22 “(B) a description of the activities with re-
23 spect to previously bundled contracts of each
24 Federal agency during the preceding year,
25 including—

1 “(i) data on the number and total dol-
2 lar amount of all contract requirements
3 that were bundled; and

4 “(ii) with respect to each bundled con-
5 tract, data or information on—

6 “(I) the justification for the bun-
7 dling of contract requirements;

8 “(II) the cost savings realized by
9 bundling the contract requirements
10 over the life of the contract;

11 “(III) the extent to which main-
12 taining the bundled status of contract
13 requirements is projected to result in
14 continued cost savings;

15 “(IV) the extent to which the
16 bundling of contract requirements
17 complied with the contracting agen-
18 cy’s small business subcontracting
19 plan, including the total dollar value
20 awarded to small business concerns as
21 subcontractors and the total dollar
22 value previously awarded to small
23 business concerns as prime contrac-
24 tors; and

1 “(V) the impact of the bundling
2 of contract requirements on small
3 business concerns unable to compete
4 as prime contractors for the consoli-
5 dated requirements and on the indus-
6 tries of such small business concerns,
7 including a description of any changes
8 to the proportion of any such industry
9 that is composed of small business
10 concerns.”.

11 (d) REPORTING OF BUNDLED CONTRACT OPPORTU-
12 NITIES.—Section 414(a) of the Small Business Reauthor-
13 ization Act of 1997 (4 U.S.C. 405 note) is amended—

14 (1) by striking “\$5,000,000” and inserting
15 “\$25,000”; and

16 (2) by striking “bundling of contract require-
17 ments” and inserting “bundled contract”.

18 (e) PROVISION OF DATA.—Upon the request of the
19 Administrator of the Small Business Administration, the
20 head of any contracting agency shall promptly provide to
21 the Administrator such information as the Administrator
22 determines to be necessary to carry out this section or the
23 amendments made by this section.

1 **SEC. 811. PROCUREMENT PROGRAM FOR WOMEN-OWNED**
2 **SMALL BUSINESS CONCERNS.**

3 Section 8 of the Small Business Act (15 U.S.C. 637)
4 is amended by adding at the end the following:

5 “(m) PROCUREMENT PROGRAM FOR WOMEN-OWNED
6 SMALL BUSINESS CONCERNS.—

7 “(1) DEFINITIONS.—In this subsection, the fol-
8 lowing definitions apply:

9 “(A) CONTRACTING OFFICER.—The term
10 ‘contracting officer’ has the meaning given such
11 term in section 27(f)(5) of the Office of Federal
12 Procurement Policy Act (41 U.S.C. 423(f)(5)).

13 “(B) SMALL BUSINESS CONCERN OWNED
14 AND CONTROLLED BY WOMEN.—The term
15 ‘small business concern owned and controlled by
16 women’ has the meaning given such term in
17 section 3(n), except that ownership shall be de-
18 termined without regard to any community
19 property law.

20 “(2) AUTHORITY TO RESTRICT COMPETITION.—

21 In accordance with this subsection, a contracting of-
22 ficer may restrict competition for any contract for
23 the procurement of goods or services by the Federal
24 Government to small business concerns owned and
25 controlled by women, if—

1 “(A) each of the concerns is not less than
2 51 percent owned by 1 or more women who are
3 economically disadvantaged (and such owner-
4 ship is determined without regard to any com-
5 munity property law);

6 “(B) the contracting officer has a reason-
7 able expectation that 2 or more small business
8 concerns owned and controlled by women will
9 submit offers for the contract;

10 “(C) the contract is for the procurement of
11 goods or services with respect to an industry
12 identified by the Administrator pursuant to
13 paragraph (3);

14 “(D) the anticipated award price of the
15 contract (including options) does not exceed—

16 “(i) \$5,000,000, in the case of a con-
17 tract assigned an industrial classification
18 code for manufacturing; or

19 “(ii) \$3,000,000, in the case of all
20 other contracts;

21 “(E) in the estimation of the contracting
22 officer, the contract award can be made at a
23 fair and reasonable price; and

24 “(F) each of the concerns—

1 “(i) is certified by a Federal agency,
2 a State government, or a national certi-
3 fying entity approved by the Adminis-
4 trator, as a small business concern owned
5 and controlled by women; or

6 “(ii) certifies to the contracting officer
7 that it is a small business concern owned
8 and controlled by women and provides ade-
9 quate documentation, in accordance with
10 standards established by the Administra-
11 tion, to support such certification.

12 “(3) WAIVER.—With respect to a small busi-
13 ness concern owned and controlled by women, the
14 Administrator may waive subparagraph (2)(A) if the
15 Administrator determines that the concern is in an
16 industry in which small business concerns owned
17 and controlled by women are substantially underrep-
18 resented.

19 “(4) IDENTIFICATION OF INDUSTRIES.—The
20 Administrator shall conduct a study to identify in-
21 dustries in which small business concerns owned and
22 controlled by women are underrepresented with re-
23 spect to Federal procurement contracting.

24 “(5) ENFORCEMENT; PENALTIES.—

1 “(A) VERIFICATION OF ELIGIBILITY.—In
2 carrying out this subsection, the Administrator
3 shall establish procedures relating to—

4 “(i) the filing, investigation, and dis-
5 position by the Administration of any chal-
6 lenge to the eligibility of a small business
7 concern to receive assistance under this
8 subsection (including a challenge, filed by
9 an interested party, relating to the veracity
10 of a certification made or information pro-
11 vided to the Administration by a small
12 business concern under paragraph (2)(F));
13 and

14 “(ii) verification by the Administrator
15 of the accuracy of any certification made
16 or information provided to the Administra-
17 tion by a small business concern under
18 paragraph (2)(F).

19 “(B) EXAMINATIONS.—The procedures es-
20 tablished under subparagraph (A) may provide
21 for program examinations (including random
22 program examinations) by the Administrator of
23 any small business concern making a certifi-
24 cation or providing information to the Adminis-
25 trator under paragraph (2)(F).

1 “(C) PENALTIES.—In addition to the pen-
 2 alties described in section 16(d), any small busi-
 3 ness concern that is determined by the Admin-
 4 istrator to have misrepresented the status of
 5 that concern as a small business concern owned
 6 and controlled by women for purposes of this
 7 subsection, shall be subject to—

8 “(i) section 1001 of title 18, United
 9 States Code; and

10 “(ii) sections 3729 through 3733 of
 11 title 31, United States Code.

12 “(6) PROVISION OF DATA.—Upon the request
 13 of the Administrator, the head of any Federal de-
 14 partment or agency shall promptly provide to the
 15 Administrator such information as the Adminis-
 16 trator determines to be necessary to carry out this
 17 subsection.”.

18 **TITLE IX—COMMUNITY RE-**
 19 **NEWAL AND NEW MARKETS**
 20 **INITIATIVES**

21 **SEC. 901. NEW MARKETS VENTURE CAPITAL PROGRAM.**

22 (a) SHORT TITLE.—This section may be cited as the
 23 “New Markets Venture Capital Program Act of 2000”.

1 (b) NEW MARKETS VENTURE CAPITAL PROGRAM.—
2 Title III of the Small Business Investment Act of 1958
3 (15 U.S.C. 681 et seq.) is amended—

4 (1) in the heading for the title, by striking
5 “SMALL BUSINESS INVESTMENT COMPA-
6 NIES” and inserting “INVESTMENT DIVISION
7 PROGRAMS”;

8 (2) by inserting before the heading for section
9 301 the following:
10 “PART A—SMALL BUSINESS INVESTMENT COMPANIES”;
11 and

12 (3) by adding at the end the following:
13 “PART B—NEW MARKETS VENTURE CAPITAL PROGRAM
14 **“SEC. 351. DEFINITIONS.**

15 “In this part, the following definitions apply:

16 “(1) DEVELOPMENTAL VENTURE CAPITAL.—
17 The term ‘developmental venture capital’ means cap-
18 ital in the form of equity capital investments in busi-
19 nesses made with a primary objective of fostering
20 economic development in low-income geographic
21 areas. For the purposes of this paragraph, the term
22 ‘equity capital’ has the same meaning given such
23 term in section 303(g)(4).

1 “(2) LOW-INCOME INDIVIDUAL.—The term
2 ‘low-income individual’ means an individual whose
3 income (adjusted for family size) does not exceed—

4 “(A) for metropolitan areas, 80 percent of
5 the area median income; and

6 “(B) for nonmetropolitan areas, the great-
7 er of—

8 “(i) 80 percent of the area median in-
9 come; or

10 “(ii) 80 percent of the statewide non-
11 metropolitan area median income.

12 “(3) LOW-INCOME GEOGRAPHIC AREA.—The
13 term ‘low-income geographic area’ means—

14 “(A) any population census tract (or in the
15 case of an area that is not tracted for popu-
16 lation census tracts, the equivalent county divi-
17 sion, as defined by the Bureau of the Census of
18 the Department of Commerce for purposes of
19 defining poverty areas), if—

20 “(i) the poverty rate for that census
21 tract is not less than 20 percent;

22 “(ii) in the case of a tract—

23 “(I) that is located within a met-
24 ropolitan area, 50 percent or more of
25 the households in that census tract

1 have an income equal to less than 60
2 percent of the area median gross in-
3 come; or

4 “(II) that is not located within a
5 metropolitan area, the median house-
6 hold income for such tract does not
7 exceed 80 percent of the statewide
8 median household income; or

9 “(iii) as determined by the Adminis-
10 trator based on objective criteria, a sub-
11 stantial population of low-income individ-
12 uals reside, an inadequate access to invest-
13 ment capital exists, or other indications of
14 economic distress exist in that census
15 tract; or

16 “(B) any area located within—

17 “(i) a HUBZone (as defined in sec-
18 tion 3(p) of the Small Business Act and
19 the implementing regulations issued under
20 that section);

21 “(ii) an urban empowerment zone or
22 urban enterprise community (as designated
23 by the Secretary of Housing and Urban
24 Development); or

1 “(iii) a rural empowerment zone or
2 rural enterprise community (as designated
3 by the Secretary of Agriculture).

4 “(4) NEW MARKETS VENTURE CAPITAL COM-
5 PANY.—The term ‘New Markets Venture Capital
6 company’ means a company that—

7 “(A) has been granted final approval by
8 the Administrator under section 354(e); and

9 “(B) has entered into a participation
10 agreement with the Administrator.

11 “(5) OPERATIONAL ASSISTANCE.—The term
12 ‘operational assistance’ means management, mar-
13 keting, and other technical assistance that assists a
14 small business concern with business development.

15 “(6) PARTICIPATION AGREEMENT.—The term
16 ‘participation agreement’ means an agreement, be-
17 tween the Administrator and a company granted
18 final approval under section 354(e), that—

19 “(A) details the company’s operating plan
20 and investment criteria; and

21 “(B) requires the company to make invest-
22 ments in smaller enterprises at least 80 percent
23 of which are located in low-income geographic
24 areas.

1 “(7) SPECIALIZED SMALL BUSINESS INVEST-
2 MENT COMPANY.—The term ‘specialized small busi-
3 ness investment company’ means any small business
4 investment company that—

5 “(A) invests solely in small business con-
6 cerns that contribute to a well-balanced na-
7 tional economy by facilitating ownership in such
8 concerns by persons whose participation in the
9 free enterprise system is hampered because of
10 social or economic disadvantages;

11 “(B) is organized or chartered under State
12 business or nonprofit corporations statutes, or
13 formed as a limited partnership; and

14 “(C) was licensed under section 301(d), as
15 in effect before September 30, 1996.

16 “(8) STATE.—The term “State” means each of
17 the several States, the District of Columbia, the
18 Commonwealth of Puerto Rico, the Virgin Islands,
19 Guam, American Samoa, the Commonwealth of the
20 Northern Mariana Islands, and any other common-
21 wealth, territory, or possession of the United States;

22 **“SEC. 352. PURPOSES.**

23 “The purposes of the New Markets Venture Capital
24 Program established under this part are—

1 “(1) to promote economic development and the
2 creation of wealth and job opportunities in low-in-
3 come geographic areas and among individuals living
4 in such areas by encouraging developmental venture
5 capital investments in smaller enterprises primarily
6 located in such areas; and

7 “(2) to establish a developmental venture cap-
8 ital program, with the mission of addressing the
9 unmet equity investment needs of small enterprises
10 located in low-income geographic areas, to be admin-
11 istered by the Administrator—

12 “(A) to enter into participation agreements
13 with New Markets Venture Capital companies;

14 “(B) to guarantee debentures of New Mar-
15 kets Venture Capital companies to enable each
16 such company to make developmental venture
17 capital investments in smaller enterprises in
18 low-income geographic areas; and

19 “(C) to make grants to New Markets Ven-
20 ture Capital companies, and to other entities,
21 for the purpose of providing operational assist-
22 ance to smaller enterprises financed, or ex-
23 pected to be financed, by such companies.

1 **“SEC. 353. ESTABLISHMENT.**

2 “In accordance with this part, the Administrator
3 shall establish a New Markets Venture Capital Program,
4 under which the Administrator may—

5 “(1) enter into participation agreements with
6 companies granted final approval under section
7 354(e) for the purposes set forth in section 352;

8 “(2) guarantee the debentures issued by New
9 Markets Venture Capital companies as provided in
10 section 355; and

11 “(3) make grants to New Markets Venture
12 Capital companies, and to other entities, under sec-
13 tion 358.

14 **“SEC. 354. SELECTION OF NEW MARKETS VENTURE CAP-**
15 **ITAL COMPANIES.**

16 “(a) ELIGIBILITY.—A company shall be eligible to
17 apply to participate, as a New Markets Venture Capital
18 company, in the program established under this part if—

19 “(1) the company is a newly formed for-profit
20 entity or a newly formed for-profit subsidiary of an
21 existing entity;

22 “(2) the company has a management team with
23 experience in community development financing or
24 relevant venture capital financing; and

1 “(3) the company has a primary objective of
2 economic development of low-income geographic
3 areas.

4 “(b) APPLICATION.—To participate, as a New Mar-
5 kets Venture Capital company, in the program established
6 under this part a company meeting the eligibility require-
7 ments set forth in subsection (a) shall submit an applica-
8 tion to the Administrator that includes—

9 “(1) a business plan describing how the com-
10 pany intends to make successful developmental ven-
11 ture capital investments in identified low-income ge-
12 ographic areas;

13 “(2) information regarding the community de-
14 velopment finance or relevant venture capital quali-
15 fications and general reputation of the company’s
16 management;

17 “(3) a description of how the company intends
18 to work with community organizations and to seek
19 to address the unmet capital needs of the commu-
20 nities served;

21 “(4) a proposal describing how the company in-
22 tends to use the grant funds provided under this
23 part to provide operational assistance to smaller en-
24 terprises financed by the company, including infor-
25 mation regarding whether the company intends to

1 use licensed professionals, when necessary, on the
2 company's staff or from an outside entity;

3 “(5) with respect to binding commitments to be
4 made to the company under this part, an estimate
5 of the ratio of cash to in-kind contributions;

6 “(6) a description of the criteria to be used to
7 evaluate whether and to what extent the company
8 meets the objectives of the program established
9 under this part;

10 “(7) information regarding the management
11 and financial strength of any parent firm, affiliated
12 firm, or any other firm essential to the success of
13 the company's business plan; and

14 “(8) such other information as the Adminis-
15 trator may require.

16 “(c) CONDITIONAL APPROVAL.—

17 “(1) IN GENERAL.—From among companies
18 submitting applications under subsection (b), the
19 Administrator shall, in accordance with this sub-
20 section, conditionally approve companies to partici-
21 pate in the New Markets Venture Capital Program.

22 “(2) SELECTION CRITERIA.—In selecting com-
23 panies under paragraph (1), the Administrator shall
24 consider the following:

1 “(A) The likelihood that the company will
2 meet the goals of its business plan.

3 “(B) The experience and background of
4 the company’s management team.

5 “(C) The need for developmental venture
6 capital investments in the geographic areas in
7 which the company intends to invest.

8 “(D) The extent to which the company will
9 concentrate its activities on serving the geo-
10 graphic areas in which it intends to invest.

11 “(E) The likelihood that the company will
12 be able to satisfy the conditions under sub-
13 section (d).

14 “(F) The extent to which the activities
15 proposed by the company will expand economic
16 opportunities in the geographic areas in which
17 the company intends to invest.

18 “(G) The strength of the company’s pro-
19 posal to provide operational assistance under
20 this part as the proposal relates to the ability
21 of the applicant to meet applicable cash require-
22 ments and properly utilize in-kind contribu-
23 tions, including the use of resources for the
24 services of licensed professionals, when nec-
25 essary, whether provided by persons on the

1 company's staff or by persons outside of the
2 company.

3 “(H) Any other factors deemed appro-
4 priate by the Administrator.

5 “(3) NATIONWIDE DISTRIBUTION.—The Admin-
6 istrator shall select companies under paragraph (1)
7 in such a way that promotes investment nationwide.

8 “(d) REQUIREMENTS TO BE MET FOR FINAL AP-
9 PROVAL.—The Administrator shall grant each condi-
10 tionally approved company a period of time, not to exceed
11 2 years, to satisfy the following requirements:

12 “(1) CAPITAL REQUIREMENT.—Each condi-
13 tionally approved company shall raise not less than
14 \$5,000,000 of private capital or binding capital com-
15 mitments from one or more investors (other than
16 agencies or departments of the Federal Government)
17 who meet criteria established by the Administrator.

18 “(2) NONADMINISTRATION RESOURCES FOR
19 OPERATIONAL ASSISTANCE.—

20 “(A) IN GENERAL.—In order to provide
21 operational assistance to smaller enterprises ex-
22 pected to be financed by the company, each
23 conditionally approved company—

24 “(i) shall have binding commitments
25 (for contribution in cash or in kind)—

1 “(I) from any sources other than
2 the Small Business Administration
3 that meet criteria established by the
4 Administrator;

5 “(II) payable or available over a
6 multiyear period acceptable to the Ad-
7 ministrator (not to exceed 10 years);
8 and

9 “(III) in an amount not less than
10 30 percent of the total amount of cap-
11 ital and commitments raised under
12 paragraph (1);

13 “(ii) shall have purchased an
14 annuity—

15 “(I) from an insurance company
16 acceptable to the Administrator;

17 “(II) using funds (other than the
18 funds raised under paragraph (1))
19 from any source other than the Ad-
20 ministrator; and

21 “(III) that yields cash payments
22 over a multiyear period acceptable to
23 the Administrator (not to exceed 10
24 years) in an amount not less than 30
25 percent of the total amount of capital

1 and commitments raised under para-
2 graph (1); or

3 “(iii) shall have binding commitments
4 (for contributions in cash or in kind) of the
5 type described in clause (i) and shall have
6 purchased an annuity of the type described
7 in clause (ii), which in the aggregate make
8 available, over a multiyear period accept-
9 able to the Administrator (not to exceed 10
10 years), an amount not less than 30 percent
11 of the total amount of capital and commit-
12 ments raised under paragraph (1).

13 “(B) EXCEPTION.—The Administrator
14 may, in the discretion of the Administrator and
15 based upon a showing of special circumstances
16 and good cause, consider an applicant to have
17 satisfied the requirements of subparagraph (A)
18 if the applicant has—

19 “(i) a viable plan that reasonably
20 projects the capacity of the applicant to
21 raise the amount (in cash or in-kind) re-
22 quired under subparagraph (A); and

23 “(ii) binding commitments in an
24 amount equal to not less than 20 percent

1 of the total amount required under para-
2 graph (A).

3 “(C) LIMITATION.—In order to comply
4 with the requirements of subparagraphs (A)
5 and (B), the total amount of a company’s in-
6 kind contributions may not exceed 50 percent
7 of the company’s total contributions.

8 “(e) FINAL APPROVAL; DESIGNATION.—The Admin-
9 istrator shall, with respect to each applicant conditionally
10 approved to operate as a New Markets Venture Capital
11 company under subsection (c), either—

12 “(1) grant final approval to the applicant to op-
13 erate as a New Markets Venture Capital company
14 under this part and designate the applicant as such
15 a company, if the applicant—

16 “(A) satisfies the requirements of sub-
17 section (d) on or before the expiration of the
18 time period described in that subsection; and

19 “(B) enters into a participation agreement
20 with the Administrator; or

21 “(2) if the applicant fails to satisfy the require-
22 ments of subsection (d) on or before the expiration
23 of the time period described in that subsection, re-
24 voke the conditional approval granted under that
25 subsection.

1 **“SEC. 355. DEBENTURES.**

2 “(a) IN GENERAL.—The Administrator may guar-
3 antee the timely payment of principal and interest, as
4 scheduled, on debentures issued by any New Markets Ven-
5 ture Capital company.

6 “(b) TERMS AND CONDITIONS.—The Administrator
7 may make guarantees under this section on such terms
8 and conditions as it deems appropriate, except that the
9 term of any debenture guaranteed under this section shall
10 not exceed 15 years.

11 “(c) FULL FAITH AND CREDIT OF THE UNITED
12 STATES.—The full faith and credit of the United States
13 is pledged to pay all amounts that may be required to be
14 paid under any guarantee under this part.

15 “(d) MAXIMUM GUARANTEE.—

16 “(1) IN GENERAL.—Under this section, the Ad-
17 ministrator may guarantee the debentures issued by
18 a New Markets Venture Capital company only to the
19 extent that the total face amount of outstanding
20 guaranteed debentures of such company does not ex-
21 ceed 150 percent of the private capital of the com-
22 pany, as determined by the Administrator.

23 “(2) TREATMENT OF CERTAIN FEDERAL
24 FUNDS.—For the purposes of paragraph (1), private
25 capital shall include capital that is considered to be
26 Federal funds, if such capital is contributed by an

1 investor other than an agency or department of the
2 Federal Government.

3 **“SEC. 356. ISSUANCE AND GUARANTEE OF TRUST CERTIFI-**
4 **CATES.**

5 “(a) ISSUANCE.—The Administrator may issue trust
6 certificates representing ownership of all or a fractional
7 part of debentures issued by a New Markets Venture Cap-
8 ital company and guaranteed by the Administrator under
9 this part, if such certificates are based on and backed by
10 a trust or pool approved by the Administrator and com-
11 posed solely of guaranteed debentures.

12 “(b) GUARANTEE.—

13 “(1) IN GENERAL.—The Administrator may,
14 under such terms and conditions as it deems appro-
15 priate, guarantee the timely payment of the principal
16 of and interest on trust certificates issued by the
17 Administrator or its agents for purposes of this sec-
18 tion.

19 “(2) LIMITATION.—Each guarantee under this
20 subsection shall be limited to the extent of principal
21 and interest on the guaranteed debentures that com-
22 pose the trust or pool.

23 “(3) PREPAYMENT OR DEFAULT.—In the event
24 that a debenture in a trust or pool is prepaid, or in
25 the event of default of such a debenture, the guar-

1 antee of timely payment of principal and interest on
2 the trust certificates shall be reduced in proportion
3 to the amount of principal and interest such prepaid
4 debenture represents in the trust or pool. Interest on
5 prepaid or defaulted debentures shall accrue and be
6 guaranteed by the Administrator only through the
7 date of payment of the guarantee. At any time dur-
8 ing its term, a trust certificate may be called for re-
9 demption due to prepayment or default of all deben-
10 tures.

11 “(c) FULL FAITH AND CREDIT OF THE UNITED
12 STATES.—The full faith and credit of the United States
13 is pledged to pay all amounts that may be required to be
14 paid under any guarantee of a trust certificate issued by
15 the Administrator or its agents under this section.

16 “(d) FEES.—The Administrator shall not collect a fee
17 for any guarantee of a trust certificate under this section,
18 but any agent of the Administrator may collect a fee ap-
19 proved by the Administrator for the functions described
20 in subsection (f)(2).

21 “(e) SUBROGATION AND OWNERSHIP RIGHTS.—

22 “(1) SUBROGATION.—In the event the Adminis-
23 trator pays a claim under a guarantee issued under
24 this section, it shall be subrogated fully to the rights
25 satisfied by such payment.

1 “(2) OWNERSHIP RIGHTS.—No Federal, State,
2 or local law shall preclude or limit the exercise by
3 the Administrator of its ownership rights in the de-
4 bentures residing in a trust or pool against which
5 trust certificates are issued under this section.

6 “(f) MANAGEMENT AND ADMINISTRATION.—

7 “(1) REGISTRATION.—The Administrator may
8 provide for a central registration of all trust certifi-
9 cates issued under this section.

10 “(2) CONTRACTING OF FUNCTIONS.—

11 “(A) IN GENERAL.—The Administrator
12 may contract with an agent or agents to carry
13 out on behalf of the Administrator the pooling
14 and the central registration functions provided
15 for in this section including, notwithstanding
16 any other provision of law—

17 “(i) maintenance, on behalf of and
18 under the direction of the Administrator,
19 of such commercial bank accounts or in-
20 vestments in obligations of the United
21 States as may be necessary to facilitate the
22 creation of trusts or pools backed by de-
23 bentures guaranteed under this part; and

1 “(ii) the issuance of trust certificates
2 to facilitate the creation of such trusts or
3 pools.

4 “(B) FIDELITY BOND OR INSURANCE RE-
5 QUIREMENT.—Any agent performing functions
6 on behalf of the Administrator under this para-
7 graph shall provide a fidelity bond or insurance
8 in such amounts as the Administrator deter-
9 mines to be necessary to fully protect the inter-
10 ests of the United States.

11 “(3) REGULATION OF BROKERS AND DEAL-
12 ERS.—The Administrator may regulate brokers and
13 dealers in trust certificates issued under this section.

14 “(4) ELECTRONIC REGISTRATION.—Nothing in
15 this subsection may be construed to prohibit the use
16 of a book-entry or other electronic form of registra-
17 tion for trust certificates issued under this section.

18 **“SEC. 357. FEES.**

19 “Except as provided in section 356(d), the Adminis-
20 trator may charge such fees as it deems appropriate with
21 respect to any guarantee or grant issued under this part.

22 **“SEC. 358. OPERATIONAL ASSISTANCE GRANTS.**

23 “(a) IN GENERAL.—

24 “(1) AUTHORITY.—In accordance with this sec-
25 tion, the Administrator may make grants to New

1 Markets Venture Capital companies and to other en-
2 tities, as authorized by this part, to provide oper-
3 ational assistance to smaller enterprises financed, or
4 expected to be financed, by such companies or other
5 entities.

6 “(2) TERMS.—Grants made under this sub-
7 section shall be made over a multiyear period not to
8 exceed 10 years, under such other terms as the Ad-
9 ministrator may require.

10 “(3) GRANTS TO SPECIALIZED SMALL BUSINESS
11 INVESTMENT COMPANIES.—

12 “(A) AUTHORITY.—In accordance with
13 this section, the Administrator may make
14 grants to specialized small business investment
15 companies to provide operational assistance to
16 smaller enterprises financed, or expected to be
17 financed, by such companies after the effective
18 date of the New Markets Venture Capital Pro-
19 gram Act of 2000.

20 “(B) USE OF FUNDS.—The proceeds of a
21 grant made under this paragraph may be used
22 by the company receiving such grant only to
23 provide operational assistance in connection
24 with an equity investment (made with capital
25 raised after the effective date of the New Mar-

1 kets Venture Capital Program Act of 2000) in
2 a business located in a low-income geographic
3 area.

4 “(C) SUBMISSION OF PLANS.—A special-
5 ized small business investment company shall
6 be eligible for a grant under this section only if
7 the company submits to the Administrator, in
8 such form and manner as the Administrator
9 may require, a plan for use of the grant.

10 “(4) GRANT AMOUNT.—

11 “(A) NEW MARKETS VENTURE CAPITAL
12 COMPANIES.—The amount of a grant made
13 under this subsection to a New Markets Ven-
14 ture Capital company shall be equal to the re-
15 sources (in cash or in kind) raised by the com-
16 pany under with section 354(d)(2).

17 “(B) OTHER ENTITIES.—The amount of a
18 grant made under this subsection to any entity
19 other than a New Markets Venture capital com-
20 pany shall be equal to the resources (in cash or
21 in kind) raised by the entity in accordance with
22 the requirements applicable to New Markets
23 Venture Capital companies set forth in section
24 354(d)(2).

1 “(5) PRO RATA REDUCTIONS.—If the amount
2 made available to carry out this section is insuffi-
3 cient for the Administrator to provide grants in the
4 amounts provided for in paragraph (4), the Adminis-
5 trator shall make pro rata reductions in the amounts
6 otherwise payable to each company and entity under
7 such paragraph.

8 “(b) SUPPLEMENTAL GRANTS.—

9 “(1) IN GENERAL.—The Administrator may
10 make supplemental grants to New Markets Venture
11 Capital companies and to other entities, as author-
12 ized by this part, under such terms as the Adminis-
13 trator may require, to provide additional operational
14 assistance to smaller enterprises financed, or ex-
15 pected to be financed, by the companies.

16 “(2) MATCHING REQUIREMENT.—The Adminis-
17 trator may require, as a condition of any supple-
18 mental grant made under this subsection, that the
19 company or entity receiving the grant provide from
20 resources (in cash or in kind), other than those pro-
21 vided by the Administrator, a matching contribution
22 equal to the amount of the supplemental grant.

23 “(c) LIMITATION.—None of the assistance made
24 available under this section may be used for any overhead
25 or general and administrative expense of a New Markets

1 Venture Capital company or a specialized small business
2 investment company.

3 **“SEC. 359. BANK PARTICIPATION.**

4 “(a) IN GENERAL.—Except as provided in subsection
5 (b), any national bank, any member bank of the Federal
6 Reserve System, and (to the extent permitted under appli-
7 cable State law) any insured bank that is not a member
8 of such system, may invest in any New Markets Venture
9 Capital company, or in any entity established to invest
10 solely in New Markets Venture Capital companies.

11 “(b) LIMITATION.—No bank described in subsection
12 (a) may make investments described in such subsection
13 that are greater than 5 percent of the capital and surplus
14 of the bank.

15 **“SEC. 360. FEDERAL FINANCING BANK.**

16 “Section 318 shall not apply to any debenture issued
17 by a New Markets Venture Capital company under this
18 part.

19 **“SEC. 361. REPORTING REQUIREMENTS.**

20 “Each New Markets Venture Capital company that
21 participates in the program established under this part
22 shall provide to the Administrator such information as the
23 Administrator may require, including—

1 “(1) information related to the measurement
2 criteria that the company proposed in its program
3 application; and

4 “(2) in each case in which the company under
5 this part makes an investment in, or a loan or grant
6 to, a business that is not located in a low-income ge-
7 ographic area, a report on the number and percent-
8 age of employees of the business who reside in such
9 areas.

10 **“SEC. 362. EXAMINATIONS.**

11 “(a) IN GENERAL.—Each New Markets Venture
12 Capital company that participates in the program estab-
13 lished under this part shall be subject to examinations
14 made at the direction of the Investment Division of the
15 Small Business Administration in accordance with this
16 section.

17 “(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—
18 Examinations under this section may be conducted with
19 the assistance of a private sector entity that has both the
20 qualifications and the expertise necessary to conduct such
21 examinations.

22 “(c) COSTS.—

23 “(1) ASSESSMENT.—

24 “(A) IN GENERAL.—The Administrator
25 may assess the cost of examinations under this

1 section, including compensation of the exam-
2 iners, against the company examined.

3 “(B) PAYMENT.—Any company against
4 which the Administrator assesses costs under
5 this paragraph shall pay such costs.

6 “(2) DEPOSIT OF FUNDS.—Funds collected
7 under this section shall be deposited in the account
8 for salaries and expenses of the Small Business Ad-
9 ministration.

10 **“SEC. 363. INJUNCTIONS AND OTHER ORDERS.**

11 “(a) IN GENERAL.—Whenever, in the judgment of
12 the Administrator, a New Markets Venture Capital com-
13 pany or any other person has engaged or is about to en-
14 gage in any acts or practices which constitute or will con-
15 stitute a violation of any provision of this Act, or of any
16 rule or regulation under this Act, or of any order issued
17 under this Act, the Administrator may make application
18 to the proper district court of the United States or a
19 United States court of any place subject to the jurisdiction
20 of the United States for an order enjoining such acts or
21 practices, or for an order enforcing compliance with such
22 provision, rule, regulation, or order, and such courts shall
23 have jurisdiction of such actions and, upon a showing by
24 the Administrator that such New Markets Venture Capital
25 company or other person has engaged or is about to en-

1 gage in any such acts or practices, a permanent or tem-
2 porary injunction, restraining order, or other order, shall
3 be granted without bond.

4 “(b) JURISDICTION.—In any proceeding under sub-
5 section (a), the court as a court of equity may, to such
6 extent as it deems necessary, take exclusive jurisdiction
7 of the New Market Venture Capital company and the as-
8 sets thereof, wherever located, and the court shall have
9 jurisdiction in any such proceeding to appoint a trustee
10 or receiver to hold or administer under the direction of
11 the court the assets so possessed.

12 “(c) ADMINISTRATOR AS TRUSTEE OR RECEIVER.—

13 “(1) AUTHORITY.—The Administrator may act
14 as trustee or receiver of a New Markets Venture
15 Capital company.

16 “(2) APPOINTMENT.—Upon request of the Ad-
17 ministrator, the court may appoint the Adminis-
18 trator to act as a trustee or receiver of a New Mar-
19 kets Venture Capital company unless the court
20 deems such appointment inequitable or otherwise in-
21 appropriate by reason of the special circumstances
22 involved.

23 **“SEC. 364. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.**

24 “(a) IN GENERAL.—With respect to any New Mar-
25 kets Venture Capital company that violates or fails to

1 comply with any of the provisions of this Act, of any regu-
2 lation issued under this Act, or of any participation agree-
3 ment entered into under this Act, the Administrator may
4 in accordance with this section—

5 “(1) void the participation agreement between
6 the Administrator and the company; and

7 “(2) cause the company to forfeit all of the
8 rights and privileges derived by the company from
9 this Act.

10 “(b) ADJUDICATION OF NONCOMPLIANCE.—

11 “(1) IN GENERAL.—Before the Administrator
12 may cause a New Markets Venture Capital company
13 to forfeit rights or privileges under subsection (a), a
14 court of the United States of competent jurisdiction
15 must find that the company committed a violation,
16 or failed to comply, in a cause of action brought for
17 that purpose in the district, territory, or other place
18 subject to the jurisdiction of the United States, in
19 which the principal office of the company is located.

20 “(2) PARTIES AUTHORIZED TO FILE CAUSES OF
21 ACTION.—Each cause of action brought by the
22 United States under this subsection shall be brought
23 by the Administrator or by the Attorney General.

1 **“SEC. 365. UNLAWFUL ACTS AND OMISSIONS; BREACH OF**
2 **FIDUCIARY DUTY.**

3 “(a) PARTIES DEEMED TO COMMIT A VIOLATION.—
4 Whenever any New Markets Venture Capital company vio-
5 lates any provision of this Act, of a regulation issued
6 under this Act, or of a participation agreement entered
7 into under this Act, by reason of its failure to comply with
8 its terms or by reason of its engaging in any act or prac-
9 tice that constitutes or will constitute a violation thereof,
10 such violation shall also be deemed to be a violation and
11 an unlawful act committed by any person who, directly
12 or indirectly, authorizes, orders, participates in, causes,
13 brings about, counsels, aids, or abets in the commission
14 of any acts, practices, or transactions that constitute or
15 will constitute, in whole or in part, such violation.

16 “(b) FIDUCIARY DUTIES.—It shall be unlawful for
17 any officer, director, employee, agent, or other participant
18 in the management or conduct of the affairs of a New
19 Markets Venture Capital company to engage in any act
20 or practice, or to omit any act or practice, in breach of
21 the person’s fiduciary duty as such officer, director, em-
22 ployee, agent, or participant if, as a result thereof, the
23 company suffers or is in imminent danger of suffering fi-
24 nancial loss or other damage.

25 “(c) UNLAWFUL ACTS.—Except with the written con-
26 sent of the Administrator, it shall be unlawful—

1 “(1) for any person to take office as an officer,
2 director, or employee of any New Markets Venture
3 Capital company, or to become an agent or partici-
4 pant in the conduct of the affairs or management of
5 such a company, if the person—

6 “(A) has been convicted of a felony, or any
7 other criminal offense involving dishonesty or
8 breach of trust, or

9 “(B) has been found civilly liable in dam-
10 ages, or has been permanently or temporarily
11 enjoined by an order, judgment, or decree of a
12 court of competent jurisdiction, by reason of
13 any act or practice involving fraud, or breach of
14 trust; and

15 “(2) for any person continue to serve in any of
16 the capacities described in paragraph (1), if—

17 “(A) the person is convicted of a felony, or
18 any other criminal offense involving dishonesty
19 or breach of trust, or

20 “(B) the person is found civilly liable in
21 damages, or is permanently or temporarily en-
22 joined by an order, judgment, or decree of a
23 court of competent jurisdiction, by reason of
24 any act or practice involving fraud or breach of
25 trust.

1 **“SEC. 366. REMOVAL OR SUSPENSION OF DIRECTORS OR**
2 **OFFICERS.**

3 “Using the procedures for removing or suspending a
4 director or an officer of a licensee set forth in section 313
5 (to the extent such procedures are not inconsistent with
6 the requirements of this part), the Administrator may re-
7 move or suspend any director or officer of any New Mar-
8 kets Venture Capital company.

9 **“SEC. 367. REGULATIONS.**

10 “The Administrator may issue such regulations as it
11 deems necessary to carry out the provisions of this part
12 in accordance with its purposes.

13 **“SEC. 368. AUTHORIZATIONS OF APPROPRIATIONS.**

14 “(a) IN GENERAL.—There are authorized to be ap-
15 propriated for fiscal years 2001 through 2006, to remain
16 available until expended, the following sums:

17 “(1) Such subsidy budget authority as may be
18 necessary to guarantee \$150,000,000 of debentures
19 under this part.

20 “(2) \$30,000,000 to make grants under this
21 part.

22 “(b) FUNDS COLLECTED FOR EXAMINATIONS.—
23 Funds deposited under section 362(c)(2) are authorized
24 to be appropriated only for the costs of examinations
25 under section 362 and for the costs of other oversight ac-

1 tivities with respect to the program established under this
 2 part.”.

3 (c) CONFORMING AMENDMENT.—Section 20(e)(1)(C)
 4 of the Small Business Act (15 U.S.C 631 note) is amend-
 5 ed by inserting “part A of” before “title III”.

6 (d) CALCULATION OF MAXIMUM AMOUNT OF SBIC
 7 LEVERAGE.—

8 (1) MAXIMUM LEVERAGE.—Section 303(b)(2)
 9 of the Small Business Investment Act of 1958 (15
 10 U.S.C. 683(b)(2)) is amended to read as follows:

11 “(2) MAXIMUM LEVERAGE.—

12 “(A) IN GENERAL.—After March 31,
 13 1993, the maximum amount of outstanding le-
 14 verage made available to a company licensed
 15 under section 301(c) of this Act shall be deter-
 16 mined by the amount of such company’s private
 17 capital—

18 “(i) if the company has private capital
 19 of not more than \$15,000,000, the total
 20 amount of leverage shall not exceed 300
 21 percent of private capital;

22 “(ii) if the company has private cap-
 23 ital of more than \$15,000,000 but not
 24 more than \$30,000,000, the total amount
 25 of leverage shall not exceed \$45,000,000

1 plus 200 percent of the amount of private
2 capital over \$15,000,000; and

3 “(iii) if the company has private cap-
4 ital of more than \$30,000,000, the total
5 amount of leverage shall not exceed
6 \$75,000,000 plus 100 percent of the
7 amount of private capital over \$30,000,000
8 but not to exceed an additional
9 \$15,000,000.

10 “(B) ADJUSTMENTS.—

11 “(i) IN GENERAL.—The dollar
12 amounts in clauses (i), (ii), and (iii) of
13 subparagraph (A) shall be adjusted annu-
14 ally to reflect increases in the Consumer
15 Price Index established by the Bureau of
16 Labor Statistics of the Department of
17 Labor.

18 (ii) INITIAL ADJUSTMENTS.—The ini-
19 tial adjustments made under this subpara-
20 graph after the date of the enactment of
21 the Small Business Reauthorization Act of
22 1997 shall reflect only increases from
23 March 31, 1993.

24 “(C) INVESTMENTS IN LOW-INCOME GEO-
25 GRAPHIC AREAS.—In calculating the out-

1 standing leverage of a company for the pur-
2 poses of subparagraph (A), the Administrator
3 shall not include the amount of the cost basis
4 of any equity investment made by the company
5 in a smaller enterprise located in a low-income
6 geographic area (as defined in section 351), to
7 the extent that the total of such amounts does
8 not exceed 50 percent of the company's private
9 capital.”.

10 (2) MAXIMUM AGGREGATE LEVERAGE.—Section
11 303(b)(4) of the Small Business Investment Act of
12 1958 (15 U.S.C. 683(b)(4)) is amended by adding
13 at the end the following new subparagraph:

14 “(D) INVESTMENTS IN LOW-INCOME GEO-
15 GRAPHIC AREAS.—In calculating the aggregate
16 outstanding leverage of a company for the pur-
17 poses of subparagraph (A), the Administrator
18 shall not include the amount of the cost basis
19 of any equity investment made by the company
20 in a smaller enterprise located in a low-income
21 geographic area (as defined in section 351), to
22 the extent that the total of such amounts does
23 not exceed 50 percent of the company's private
24 capital.”.

1 (e) BANKRUPTCY EXEMPTION FOR NEW MARKETS
 2 VENTURE CAPITAL COMPANIES.—Section 109(b)(2) of
 3 title 11, United States Code, is amended by inserting “a
 4 New Markets Venture Capital company as defined in sec-
 5 tion 351 of the Small Business Investment Act of 1958,”
 6 after “homestead association,”.

7 (f) FEDERAL SAVINGS ASSOCIATIONS.—Section
 8 5(c)(4) of the Home Owners’ Loan Act (12 U.S.C.
 9 1464(c)(4)) is amended by adding at the end the fol-
 10 lowing:

11 “(F) NEW MARKETS VENTURE CAPITAL
 12 COMPANIES.—A Federal savings association
 13 may invest in stock, obligations, or other securi-
 14 ties of any New Markets Venture Capital com-
 15 pany as defined in section 351 of the Small
 16 Business investment Act of 1958, except that a
 17 Federal savings association may not make any
 18 investment under this subparagraph if its ag-
 19 gregate outstanding investment under this sub-
 20 paragraph would exceed 5 percent of the capital
 21 and surplus of such savings association.”.

22 **SEC. 902. BUSINESSLINC GRANTS AND COOPERATIVE**
 23 **AGREEMENTS.**

24 Section 8 of the Small Business Act (15 U.S.C. 637)
 25 is amended by adding at the end the following:

1 “(n) BUSINESSLINC GRANTS AND COOPERATIVE
2 AGREEMENTS.—

3 “(1) IN GENERAL.—In accordance with this
4 subsection, the Administrator may make grants to
5 and enter into cooperative agreements with any coa-
6 lition of private entities, public entities, or any com-
7 bination of private and public entities—

8 “(A) to expand business-to-business rela-
9 tionships between large and small businesses;
10 and

11 “(B) to provide businesses, directly or indi-
12 rectly, with online information and a database
13 of companies that are interested in mentor-
14 protégé programs or community-based, state-
15 wide, or local business development programs.

16 “(2) MATCHING REQUIREMENT.—Subject to
17 subparagraph (B), the Administrator may make a
18 grant to a coalition under paragraph (1) only if the
19 coalition provides for activities described in para-
20 graph (1)(A) or (1)(B) an amount, either in kind or
21 in cash, equal to the grant amount.

22 “(3) AUTHORIZATION OF APPROPRIATIONS.—
23 There is authorized to be appropriated to carry out
24 this subsection \$6,600,000, to remain available until

1 expended, for each of fiscal years 2001 through
2 2006.”.

○